



Daily Report

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General

'Roundup' Views ABM Treaty 'Knot'

HK2408081388 Beijing RENMIN RIBAO
in Chinese 21 Aug 88 p 6

["Roundup" by Zhang Liang (1728 0081): "A Knot Which Is Difficult To Untie—U.S.-Soviet Controversy Over the Antiballistic Missile Treaty"]

[Text] U.S. and Soviet representatives will meet in Geneva on 24 August to discuss the serious differences between the sides over the Anti-Ballistic Missile Treaty. The meeting is attracting worldwide attention because it is concerned with whether or not the United States and the Soviet Union will be able to break the deadlock over the question of reducing strategic nuclear weapons by 50 percent.

The controversy between the United States and the Soviet Union over the Anti-Ballistic Missile Treaty is of long-standing and became heated again recently. Seizing on the building of a radar station in Krasnoyarsk, the United States accused the Soviet Union of violating the Anti-Ballistic Missile Treaty and demanded that it demolish the radar station unconditionally and without delay. To strike a counterblow at U.S. "propaganda warfare," the Soviet Union criticized the United States for building powerful radar stations on its own territory, and in Greenland and England, in violation of the treaty. On the other hand it tried hard to provide an explanation for building the Krasnoyarsk radar station, saying that its mission was only to track space objects and that construction ceased as early as October 1987. The Soviet Union also pointed out that if an agreement can be reached between the two countries on observing the Anti-Ballistic Missile Treaty, it will completely dismantle the Krasnoyarsk radar station and place it under surveillance. Although the United States said this proposal was a "positive step" by the Soviet Union, it held that the radar station should be dismantled immediately and unconditionally because its building was a violation of the treaty. Both sides are still arguing over this matter.

The U.S.-Soviet Anti-Ballistic Missile Treaty was signed in 1972, together with a joint declaration which was treated as an appendix to the treaty. The main provision of the treaty is that both the United States and the Soviet Union can deploy no more than two anti-ballistic missile systems—in their capital areas and one other place near its intercontinental missile base. In 1974 they signed a protocol on the Anti-Ballistic Missile Treaty which stipulated that each of them would give up one of the areas for deploying the anti-ballistic missile system, and which demanded that neither side would "trial-produce, experiment, or deploy any anti-ballistic missile systems or parts of such systems using the sea, the air, space, or motor vehicles as a base."

For the first 10 years after the signing of the treaty there were no great disputes about its interpretation, but since 1983, when President Reagan put forward the Strategic Defense Initiative, or the "Star Wars" program, there has been increasingly heated controversy. This has focused on the following two questions: Interpretation of the treaty in a "broad sense" or a "narrow sense;" and whether or not to relate observing the Anti-Ballistic Missile Treaty to other arms control questions. The essence of the controversy is how to deal with the question of strategic defense systems. In other words, the United States insists that it should carry out its "Star Wars" program, but the Soviet Union insists that the United States should give up or strictly restrict this program.

As early as 1985, in order to carry out its "Star Wars" program in an unrestricted way, the United States proposed interpreting the Anti-Ballistic Missile Treaty in a "broad sense," holding that the treaty does not prohibit the development and experiments with new anti-ballistic missile systems which are "based on other physical principles" such as laser, particle bunches, and other directional weapons, merely demanding that discussions be held on the question of restricting such weapons. Based on this understanding the Reagan administration declared that the U.S. "Star Wars" program does not violate the treaty. However the Soviet Union insists that the treaty should be interpreted in a "narrow sense," holding that anti-ballistic missile systems "based on other physical principles" refers only to fixed and land-based systems. It also proposed that the study of other forms of anti-ballistic missile systems should be carried out only within "laboratories." Any developments and experiments with such systems exceeding this restricted range should be considered as violations of the treaty. Thus, it holds that the United States is violating the treaty by carrying out its "Star Wars" program.

In the United States there is also controversy over interpretation of the Anti-Ballistic Missile Treaty. Quite a few congressmen, six former defense secretaries, and many others have raised objections to the Reagan administration's "broad sense" interpretation of the treaty. A report issued by the Senate Foreign Relations Committee even held that what the Reagan administration had done was an "open abuse of the power granted by the Constitution such as has never seen during the past 200 years."

Since the U.S.-Soviet Geneva disarmament talks were restored in 1985, the two countries have been arguing endlessly over the question of whether or not to relate observing the Anti-Ballistic Missile Treaty with arms control. After the signing of the INF Treaty in Washington by Reagan and Gorbachev on 8 December last year, the focus of U.S.-Soviet talks on arms control shifted to the reduction by 50 percent of offensive strategic nuclear weapons. The Soviet Union has insisted that strict observation of the Anti-Ballistic Missile Treaty is an indispensable part of the effort to reduce strategic

nuclear weapons by 50 percent, but the United States has insisted that the two should not be linked together and separate agreements should be signed on both issues.

At present, although the United States and the Soviet Union have both agreed to continue to observe the Anti-Ballistic Missile Treaty, because they have different interpretations of it there are also great differences in their respective stands. The U.S. and Soviet representatives will meet soon in Geneva to discuss this question, but we still doubt whether or not any progress can be achieved so that this great obstacle to the arms control talks can be removed.

Official on Role of Foreign Loans in Economy

OW2308140688 Beijing XINHUA in English
1226 GMT 23 Aug 88

[Text] Shenyang, August 23 (XINHUA)—Since 1979, 19 foreign governments have promised to provide loans totalling 10.9 billion U.S. dollars to China, Shen Jueren, vice-minister of foreign trade and economic relations, has reported.

Contracts have already been signed on 7.2 billion U.S. dollars of the sum, of which those already effective involve 5.66 billion U.S. dollars, he said at a work conference on use of foreign government loans held in Dandong City, Liaoning Province.

All in all, the country has put to use five billion U.S. dollars, averaging 500 million U.S. dollars per year, he said.

Thanks to this, he said, it has been able to build five large and medium-sized cement plants, three steel tube mills, several large chemical fertilizer plants and projects on agricultural products processing industry.

These include Baoshan Iron and Steel Works on the outskirts of Shanghai and the Ningguo Cement Plant now producing one million tons a year, which are national key construction projects.

In starting Baoshan Iron and Steel Works and Daqing Ethylene Plant, he said, foreign government loans were acquired just in time to make up the shortage of funds available to the government.

The country has also used foreign government loans to import advanced technology to improve the quality of its products, Shen added.

Ni Zhifu Meets Trade Union Delegations

OW2308134688 Beijing XINHUA in English
1109 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Ni Zhifu, vice-chairman of the Chinese National People's Congress Standing Committee and president of the All-China

Federation of Trade Unions, hosted a dinner here tonight for the participants of the "International Symposium on Trade Union Role in Employment and Development."

The three-day symposium opened here this morning with delegates from trade unions in 16 countries and regions.

UN Official on Economic Restructuring in Asia

OW2308141688 Beijing XINHUA in English
1130 GMT 23 Aug 88

[Text] Bangkok, August 23 (XINHUA)—A top United Nations regional official here today called on countries in the Asia-Pacific region to restructure their economies so as to meet challenges in the 1990s.

S.A.M.S. Kibria, executive secretary of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), made the statement when addressing an expert group meeting on restructuring the developing economies in the region.

"Restructuring the Developing Economies of Asia and the Pacific in 1990s" was chosen as the theme at the last ESCAP session in Jakarta, Indonesia, for its next session to be held here in March, 1989.

Kibria said: "The economic performance of the Asian and Pacific region in recent decades has brought about a profound metamorphosis in its image as a developing region"—"the most dynamic developing region in the world."

"However, this rather rapid change in the region's image in the outside world is not a sufficient cause for elation. Despite substantial progress, the region continues to be riddled with serious problems of poverty, unemployment, and underdevelopment," he said.

He pointed out that "the somewhat flattering image of the region's economic success is based primarily on the performance of the NIEs (newly industrialized economies) and to a lesser extent of the ASEAN subregion and more recently of China."

"The contagion of success needs to spread much more widely and strongly if the region's newly earned reputation has to be sustained," he said.

He added: "In the face of emerging global changes other regions of the world—both developed and developing—are increasingly relying on regional cooperation as a response to these challenges and it is time that this region also took some positive steps in this direction."

Kibria said: "The key characteristic of economic restructuring, in my view, is the ability to respond flexibly to the emerging challenges in the international economy, without losing sight of the longer-term development objectives."

He called for "more imaginative and innovative policies to ensure continuing the pace of development at a reasonable speed during a period when the external environment has become more uncertain and less supportive of development efforts."

He stressed that restructuring policies should be worked out according to different development performance of specific countries so as to ensure restructuring proceeds in a sustained manner and at the desired pace.

Attending the three-day meeting are economic experts from Nepal, Sri Lanka, Australia, China, Indonesia, Japan, India, Thailand, South Korea and Bangladesh, as well as representatives from the ESCAP and other UN organizations.

United States & Canada

'Roundup' on 'Massive Trade Reform Bill'

OW2408091888 Beijing XINHUA in English
0701 GMT 24 Aug 88

["Roundup: President Reagan Signs Landmark U.S. Trade Bill (by Liu Zhiguang)"]—XINHUA headline]

[Text] Washington, August 23 (XINHUA)—U.S. President Ronald Reagan today signed into law the massive trade reform bill which he said "will help our economy continue to grow and compete."

The trade legislation, passed overwhelmingly in both houses of the U.S. Congress, is intended to strengthen the U.S. Government's hand on trade, open foreign markets to U.S. exports, and require retaliation against alleged unfair foreign trade practices.

Speaking at a signing ceremony held at the port of Long Beach, California, Reagan made it clear that he was signing the bill despite the protectionist features of some of its provisions. "Let me be plain," Reagan said, "there are some things in this bill I don't like."

Reagan said, "This bill could lead to an import fee that would be illegal according to international law and inconsistent with our goal of moving toward free world trade."

U.S. press reports attached much importance to the historic legislation, which they said will usher in most far-reaching changes in U.S. trade policy since World War II and put an end to three-year clashes between the White House and Capitol Hill over trade issues.

The 1,128-page bill, which will push the future U.S. Administration to take a more aggressive stance on world trade, would be seen as one of the major achievements of the 100th U.S. Congress, the U.S. press said.

The trade bill Reagan signed today was a revised version of the original trade bill he vetoed on May 24 because it contained, among other things, a provision requiring a 60-day advance notice to employees of plant closings and layoffs. The Congress later passed the plant-closing bill separately and, bowing to election-year political pressures from Republican lawmakers, Reagan let it become law without his signature.

The trade bill was born three years ago when America was suffering from the effects of a higher dollar and rising trade deficits as the U.S. manufacturing sector was severely hurt by foreign imports. Like a cat has nine lives, the trade legislation has worked its way through numerous congressional committees, survived four times the votes in both Houses in the past 15 months and bounced back from a presidential veto in May.

Protectionist pressure built up on the Capitol Hill as the U.S. went through six years of successive record trade deficits, with the imbalance reaching 170.3 billion dollars last year. But as the value of the dollar against other currencies fell and U.S. economy began to undergo an export boom, the U.S. trade deficit has begun to shrink this year.

The trade bill requires the President to retaliate against foreign trade abuses and expands definition of unfair trade practices that can trigger retaliation.

The measures also transfer authority from the President to the U.S. trade representative to decide whether a foreign practice is unfair, and it requires action if negotiations are unsuccessful with countries that violate U.S. "intellectual property rights" such as patents and copyrights.

The bill protects American companies against takeover by foreign firms if national security is threatened, and expands U.S. export promotion activities. It also expands and extends U.S. subsidies to lower agricultural export prices.

The trade bill also authorizes U.S. negotiators to reach agreements in international trade talks and provides assistance for retraining of workers left jobless by foreign competition.

Since its clearance of the Congress, the U.S. trade bill has been sharply criticized by U.S. trading partners, including Japan, Federal Germany, France, the European Community, Australia, South Korea and Taiwan.

Calling the U.S. trade bill "protectionist" in nature, senior trade officials of these countries and regions said the bill could jeopardize free trade and harm international relations. They warned they would consider appealing to the General Agreement on Tariffs and Trade [GATT] against the U.S. bill.

With the enactment of the trade bill which does have some features that are more confrontational than existing laws, one can only expect more frequent and sharper trade conflicts to occur between the U.S. and its trading partners, as long as the U.S. is running a trade deficit.

Comparison of Zhao-U.S. Delegation Meeting

Beijing RENMIN RIBAO in Chinese on 24 August carries a XINHUA report on Zhao Ziyang's meeting with a U.S. bipartisan delegation in Zhongnanhai on the afternoon of 23 August by reporter Zhu Yunlong, entitled "Zhao Ziyang Meets Senior U.S. Bipartisan Delegation." The RENMIN RIBAO version has been compared to the XINHUA English version, published in the 23 August China DAILY REPORT, beginning on page 3, column 2, revealing the following variations:

Paragraph two of the referent item, only sentence reads: "...at a meeting in Zhongnanhai with U.S. bipartisan..." (adding name of meeting place).

Paragraph five, first sentence reads "...on behalf of the Democratic Party and Governor Dukakis, and thanked him for receiving the delegation. Rollins conveyed to..." (rephrasing).

Page 4, column one, paragraph two to paragraph three, first sentence reads "...the two countries. Therefore, we may as well say that both parties have contributed to the development of Sino-U.S. relations, Zhao said.

"The bipartisan delegation's..." (adding sentence).

Page 4, column one, paragraph three, only sentence to paragraph four, first sentence reads "...attitude toward China, and this is a prerequisite for developing Sino-U.S. relations in the future, Zhao said.

"He said that..." (supplying additional material).

Page 4, column one, paragraph five, only sentence to last paragraph of the item, only sentence reads "...should be overcome to ensure a steady and wholesome development of Sino-U.S. relations.

"Zhao Ziyang also discussed the conditions for a Sino-Soviet summit as well as China's domestic reform.

"Attending the meeting..." (expanding the fifth paragraph and adding a subsequent paragraph).

Reagan's Policy on ABM Treaty Criticized

OW2408090988 Beijing XINHUA in English
0724 GMT 24 Aug 88

[Text] Washington, August 23 (XINHUA)—An official from the private Arms Control Association today criticized the Reagan administration for using a disputed Soviet radar system as an "excuse" to break the 1972 Anti-Ballistic Missile Treaty (ABM).

Spurgeon Keeny, president of the Association, told a press conference that a material breach of the ABM Treaty can only be claimed by "a country seeking an excuse to suspend or terminate" the treaty. The 1972 ABM accord restricts U.S. and Soviet anti-missile defenses.

Keeny's criticism referred to President Ronald Reagan's recent authorization of U.S. negotiators at the Geneva review of compliance with the treaty, to accuse the Soviet Union of causing a "material breach" of the accord with a radar system at Krasnoyarsk in Siberia. The Geneva compliance review opened on Monday.

The Soviet Union says the radar is a legal system designed to provide "early warning" of a nuclear attack. The dispute is over the location of the radar facility. The Siberian radar is not on the periphery of Soviet territory as the treaty requires, and the United States has charged that the facility is intended as part of a "battle management" strategy.

Keeny, a former deputy director of the U.S. Arms Control and Disarmament Agency, said he agrees with the administration that the radar system violates the treaty.

He noted that the Soviet Union has agreed to dismantle the radar facility if the United States agrees to adhere to the treaty.

He also said that a declaration of "material breach" may set in motion "a series of events that could have a very serious impact."

Critics suspect that the administration is trying to abandon the treaty to clear the way for more extensive testing of the U.S. Strategic Defense Initiative, known as the "Star Wars" program.

Report on Republican National Convention

HK2408042788 Beijing RENMIN RIBAO
in Chinese 20 Aug 88 p 6

["Newsletter From America" by RENMIN RIBAO reporter Zhang Yunwen (1728 0336 2429): "Aspiring To Win Another Term of 4 Years—the Keynote of the U.S. Republican National Convention"]

[Text] New Orleans, 18 Aug—The National Convention held by the U.S. Republican Party in New Orleans, which lasted for 4 days, ended in Bush's speech accepting the presidential nomination tonight.

The holding of presidential nomination conventions by the two parties is a peculiar phenomenon of U.S. politics. Such conventions are both solemn events and festive gatherings with flying flags and uproarious shouting. Both parties wish to arouse the enthusiasm of their supporters and voters and gain a new impetus for their election activities through the conventions.

This convention was especially important for Bush. When he attended it, the pressure Bush had to face was much greater than Dukakis faced last month. According to a poll conducted by the "NEW YORK TIMES" and the Columbia Broadcasting System, Bush lagged behind Dukakis by 17 percent. Part of the reason is that Dukakis gained much support at the recent Democratic National Convention. However, various polls have shown that even in "Reagan's homeland"—the southern and western parts of the United States—Bush is lagging behind Dukakis.

According to the analysis of experts, the reasons why Bush is in such an unfavorable situation are the following:

—According to the poll, over 60 percent of the voters are "thinking of making a change." They are worried about the declining status of the United States, national debt, and the budget deficit.

—Bush is a "loyal assistant." People do not know much about his independent political views and long-term goals and so they do not have much confidence in his being the country's future leader.

—Bush also faces the so-called "sexual difference" which was encountered by Reagan. Female voters exceed male voters by 7 to 10 million but Bush is faring badly among women voters.

To reverse the unfavorable trend, Bush's electoral team made careful arrangements for this convention, hoping that it would gain another 10 percent for Bush in the poll.

The first day of the convention was "Reagan's night." Reagan reviewed his 8-year achievements in his "farewell speech," after which he went to California on vacation and passed the "center stage" on to Bush. Bush went to New Orleans the next day and "worked out his own agenda" independently. The last 3 days of the convention gave much prominence to Bush, the official presidential candidate.

The Republicans adopted a different policy from the Democratic Party at the Convention. The Democrats focussed on attacking Bush's weaknesses at the Atlanta Convention while the Republican policy was to avoid personal attacks. It only made a comparison of the

political achievements between Reagan's 8-year administration and the former Democratic government, particularly in economic and foreign affairs. That is why the second day of the convention was called the "night of comparison."

To grasp the voters' "thinking of making a change," Bush also made a careful strategic consideration in selecting his running mate. He chose Dan Quayle, the 41-year-old Indiana senator, as his election partner. The general view was that this was a "bold, strategic action." He hoped that this might attract the young people born after the war, who number 75 million. He also hoped to gain more supporters in the agricultural region in the mid-west with the help of Quayle. Senator Dan Quayle is a conservative in political affairs and a hard-liner on defense matters. It is obvious that Bush wanted to gain the support of conservative powers in the Republican Party. In his speech tonight, Bush showed the relationship between the "inheritance" of Reagan and his independence. He urged the representatives to regard him as the Republican candidate for president. But when the curtain came down in the midst of warm applause, somebody raised a question: How will the "night of Bush" affect the national election?

The Republican Party has won four of the past five presidential elections. The keynote of this convention is "aspiring to win another term of 4 years." Whether the Republicans can retain their leading position in the White House is too early to predict. In recent polls, Bush was catching up on Dukakis. But observers believe that Bush and his running mate would have to face rigorous tests.

After the national conventions of the two parties, Bush and Dukakis are going to confront each other directly. The whole election will come to a climax. Experts predict that this will be a highly exciting competition with both sides equally matched.

Soviet Union

Editorial on Sino-Soviet Talks on Cambodia

HK2408071088 Hong Kong WEN WEI PO
in Chinese 24 Aug 88 p 2

[Editorial: "Since China Has Given the Signal, the Soviet Union Must Consider It"]

[Text] The vice foreign ministers of China and the Soviet Union will start their talks on Saturday, discussing the Cambodian issue. If the talks can proceed smoothly, the main obstacle to the normalization of Sino-Soviet relations will be removed. This might lead to a meeting between Deng Xiaoping and Gorbachev. Therefore, the Sino-Soviet vice foreign ministerial talks on the Cambodian situation will not be restricted to regional conflicts alone. They will involve the global strategies of both China and the Soviet Union. The talks might promote great changes in the international situation.

Vietnam has stationed its troops in Cambodia for a long time. Without Soviet aid, the Vietnamese could not have stayed in the country even for a single day. They would have been compelled to withdraw their troops a long time ago. Soviet support for Vietnam is closely connected with its attempt to expand its influence over Southeast Asia. The Soviet Union has always used Cam Ranh Bay to ensure that its Far East Fleet will have a relay station in Vietnam. By making use of the station, the Soviet fleet can proceed westward to the Indian Ocean, the Red Sea and the Mediterranean to join forces with the Soviet fleets in Europe. If the Soviet Union stops supporting the Vietnamese invasion of Cambodia, it might lose the right to use Cam Ranh Bay.

However, if the Soviet Union still stands on the side of the Vietnamese aggressors, it will be opposed by those peace-loving countries which are against aggression. The Soviet Union will not be able to change its image as a hegemonist, or improve its relations with China. This will be extremely harmful to its drive of concentrating its efforts on economic reform, of expanding trade with various countries, and of importing foreign capital.

On the eve of the Sino-Soviet vice foreign ministerial talks, Zhao Ziyang and Li Peng respectively made the Chinese party and Government's position clear. In July, Li Peng clearly pointed out: "At present, the main thing affecting Sino-Soviet relations is the Cambodian issue." He added: "The Soviet Union can do a lot to urge Vietnam to withdraw all its troops from Cambodia as soon as possible." During the Political Bureau meeting in Beidaihe in August, Zhao Ziyang met with foreign guests. He told them: "The necessary condition for the Sino-Soviet summit is the effort of the Soviet Union to urge Vietnam to pull out all its troops from Cambodia."

On 9 September, Chinese State President Yang Shangkun and the Soviet State Chairman Gromyko will go to Pyongyang to attend the national day celebration of North Korea. They might discuss the possibility of a meeting between Deng Xiaoping and Gorbachev provided that the Sino-Soviet foreign ministerial talks can make the stand of the Soviets closer to that of the Chinese.

However, up to now the Soviet Union has still been partial to Vietnam. Shortly after the end of the Jakarta cocktail party, the Soviet newspaper PRAVDA wrote a commentary immediately which supported the stand of the Vietnamese. The commentary said that it was difficult for Vietnam to withdraw its troops unless it could be guaranteed that the Khmer Rouge would not participate in the political settlement. The Soviet Union has still sided with the aggressors on this entangled issue. This can only make the settlement of the problem more difficult. Should the Soviet Union refuse to change its attitude, even if several cocktail parties like that in Jakarta are held, it will be useless to improve the situation.

The withdrawal of the Vietnamese troops from Cambodia is a matter of stopping aggression. Under whatever circumstances, the aggressors must withdraw from the occupied territories of other countries. This is a basic of international law. If other countries can send their troops as Vietnam has done to occupy the territories of others, will there be any sovereign countries in the world? Will there be peace in the world?

We should let Cambodian people choose their own social system and government. Their decision must not be made under the bayonets of the Vietnamese. The aggressors want to establish a government to their liking, and regard this as a condition for their troop withdrawal. Various countries will never accept this. The aggressors think that their intention is more important than the right to self-determination of the invaded nation. They also want the international community to accept this. Do they not think that it is a fantastic idea?

China's stand is clear and definite. Of the four Cambodian parties, the military strength of Heng Samrin is the strongest. It is dangerous to let the Khmer Rouge assume power alone. It is equally dangerous to let the Heng Samrin government assume power alone, a regime propped up by the bayonets of the Vietnamese. The political settlement of the Cambodian issue should include the four parties. The new government should be headed by Sihanouk, and the Khmer Rouge should also occupy a seat in the new government. If it is excluded, the Heng Samrin regime will eventually control the country. This is the only thing which will happen in the development of the Cambodian situation. This is the reason the Vietnamese have stationed their troops in Cambodia for a long time. On the Sino-Soviet conference table, why should China submissively give the Vietnamese the thing which they cannot get in the battlefield? Zhao Ziyang pointed out: "I think that two kinds of danger must be eliminated. If we only pay attention to one danger, but neglect the other, it is impossible to truly solve the Cambodian issue."

On the eve of the vice foreign ministerial talks, the Chinese party and Government leaders have given a clear signal to the Soviet Union. If the Soviet side can change the stand of PRAVDA, China and the Soviet Union can work out a plan for the political settlement of the Cambodian situation. Otherwise, it is difficult for the Soviet Union to make a breakthrough in correcting its diplomatic line, because it still wants to use force to dominate the internal affairs of other countries.

Underground Nuclear Test Reported in Siberia
OW2308010988 Beijing XINHUA in English
0014 GMT 23 Aug 88

[Text] Moscow, August 22 (XINHUA)—The Soviet Union carried out an underground nuclear test with a yield of up to 20 kilotonnes on Monday, the official Soviet news agency TASS reported.

TASS said the explosion, which took place at 8:20 p.m. Moscow time (1620 GMT) in Tyumen region of western Siberia, was made in the interests of national economy.

Soviet Delegation Visits Jiamusi City 22 Aug
*SK2408023288 Harbin Heilongjiang Provincial
Service in Mandarin 2100 GMT 22 Aug 88*

[Text] An eight-member amity delegation from the Soviet Union's Jewish Autonomous Oblast, headed by (Youleiweiqiwalili Zhalewaluoweiqi), vice chairman of the regional executive committee, arrived in Jiamusi on 22 August for an 8-day visit.

During the delegation's stay in Jiamusi, both sides will talk on the issue of developing a long-term stable economic relationship.

Northeast Asia

Reportage on Preparations for Takeshita Visit

Commentary on Relations
*OW2308140488 Beijing in Japanese to Japan
0930 GMT 22 Aug 88*

[Station commentary: "Push Sino-Japanese Friendly and Cooperative Relations to a New Stage"]

[Text] On 12 August the Treaty of Peace and Friendship signed between China and Japan marked its 10th anniversary, and on 25 August Japanese Prime Minister Takeshita is scheduled to visit China for talks with Chinese leaders on further promoting friendly and cooperative relations between the two countries. This is of great significance to the political life of the peoples of our two nations.

During the past 10 years, the private sectors and governments of both China and Japan have made achievements in promoting exchanges and cooperation in the political, economic, scientific and technological, cultural, and other fields in line with the principles and spirit of the China-Japan Joint Statement and the China-Japan Treaty of Peace and Friendship which were applied when diplomatic relations between the two countries were normalized.

First of all, in the political field, leaders of the two countries have exchanged visits and government officials and personnel from the private sector have held regular consultations. Thus, the two countries have come to reach a mutual understanding and have made clear their respective orientations so that sound development of the friendly relations between the two countries can be guaranteed.

In the economic field, while the amount of 1987 bilateral trade increased 3.6 times as compared with that of 10 years ago, Japan's trade surplus, which had been an issue pending between the two countries for a long time, has been considerably reduced during the past few years.

Furthermore, as for personnel exchanges, while some 17,000 Chinese students are studying in Japan now, the number of Japanese students studying in China has reached 2,000. And friendly exchanges between China's provinces and cities on the one hand and Japan's prefectures and cities on the other have been actively promoted. At present, friendly ties have been established between 107 pairs of Chinese provinces and Japanese prefectures and Chinese and Japanese cities. As a result, Sino-Japanese friendship has now become deeply rooted among the people.

Nevertheless, during the past 10 years relations between our two countries have not developed smoothly in every sense of the word, and several problems have arisen. They include the issue of revision of Japanese textbooks centering on the debate of whether the history of invasion should be included or not in these textbooks, the issue concerning visits to the Yasukuni Shrine [by cabinet members], the issue concerning misguided remarks made by some members of the Japanese cabinet, the Kokaryo controversy aimed at creating one China and one Taiwan, and the issue concerning restrictions on Japanese firms' exports to China based on COCOM [Coordinating Committee for Multilateral Export Controls] regulations which are remnants of the Cold War era.

These problems concern important political principles of bilateral relations, and if they cannot be properly solved soon they will affect the development of the friendly and cooperative relations between the two countries. All these problems can be solved if their solution is based on the principles stated in the China-Japan Joint Statement and the China-Japan Treaty of Peace and Friendship.

Since Prime Minister Takeshita assumed his post in November 1987, he time and again stressed the importance of the relations between Japan and China. Prior to forming his cabinet, Prime Minister Takeshita stated that it would be one of the important pillars of Japanese diplomacy to maintain and further develop favorable, long-term, and stable relations with China and that the Japanese Government would do its best to cooperate with China in its modernization efforts and promote bilateral relations on the basis of the Japan-China Joint Statement, the Japan-China Treaty of Peace and Friendship, and the four-point principles for promoting Japan-China friendship.

In looking forward to the future, it is clear that there are great hopes for the promotion of friendship and cooperation between China and Japan. In the political field, if

the Japanese Government deals properly with the problems pending between the two countries, the obstacles preventing the further development of bilateral relations can be removed.

In the economic field, the Japanese Government is currently pursuing a policy of shifting from an export-oriented economy to an economy centered on expanding domestic demand and liberalizing import. Meanwhile, the Chinese Government is currently carrying out a policy of further promoting reform and opening up to the outside world. This provides a golden opportunity to promote cooperation in trade, economy, and technology between China and Japan.

It is our hope that both the Chinese and Japanese Governments will not pass up this chance but make joint efforts to further push the favorable relations of friendship and cooperation between China and Japan to a new level.

Ties With Japan Evaluated

OW2308232488 Beijing XINHUA in English
1423 GMT 23 Aug 88

["Takeshita Says He Wants To Deepen Mutual Trust With China (By Zhu Ronggen and Tan Jianrong)"—XINHUA headline]

[Text] Tokyo, August 23 (XINHUA)—Prime Minister Noboru Takeshita said here today he wants to enhance mutual understanding and trust with Chinese leaders by having "heart-to heart exchanges of views" with them during his upcoming visit to China.

Takeshita also said that he hopes his six-day official visit to China starting Thursday will further strengthen the basis for developing the already good Sino-Japanese relations.

In an interview with a group of Tokyo-based Chinese reporters at the Diet (parliament), the prime minister said his China tour comes at a time when remarkable progress has been made since the normalization of diplomatic relations between Beijing and Tokyo in 1972, in particular the signing of the bilateral peace and friendship treaty in 1978.

Foreign Ministry officials said the visit by Takeshita is of great significance as this year marks the 10th anniversary of the signing of the treaty.

Takeshita stressed that it is one of Japan's most important foreign policy pillars to maintain and develop friendship with China and that the existence of good Beijing-Tokyo ties will contribute to peace and prosperity, not only for Asia, but also for the world as a whole.

"We will further develop the friendly and cooperative relations between the two countries in line with the Japan-China joint statement, the Peace and Friendship Treaty and the four principles for developing Japan-China relations," he said.

The four principles—peace and friendship, equality and mutual benefit, mutual trust and long-term stability—were jointly adopted by former Chinese Communist Party leader Hu Yaobang and former Japanese Prime Minister Yasuhiro Nakasone.

The Japanese leader gave high marks to China's reforms and its policy to open itself to the outside world and pledged that his government will cooperate with China's modernization efforts as much as possible.

During his talks with Chinese Premier Li Peng, Takeshita will reveal a government plan to extend between 700 to 800 billion yen (6 billion U.S. dollars) in loans to China under the third loan program, covering fiscal 1990-1995, government sources said.

Japan provided 330.9 billion yen (2.5 billion U.S. dollars) in loans to China between fiscal 1979 and 1983 and is extending 470 billion yen (3.6 billion U.S. dollars) in loans from fiscal 1984 to 1989.

Takeshita also said he will seek ways to expand Japan's cultural exchanges with China, which have a history of 2,000 years.

The prime minister will pledge Japan's efforts to help China preserve Buddhist cultural properties in Dunhuang, an ancient city on the well-known "silk road" in China's northwestern region.

Besides holding talks with his Chinese counterpart Li Peng, Communist Party General Secretary Zhao Ziyang and senior leader Deng Xiaoping, Takeshita will also visit Dunhuang to see cultural remains there, becoming the first foreign leader to visit this place.

Asked about trade and economic relations between the two countries, Takeshita hailed the improvement in the balance of bilateral trade and the expansion of exports to Japan from China.

He said he hoped that China will continue its efforts to improve the domestic environment for foreign investment so that investment from Japan will increase. "Our government will also make efforts to encourage investment in China," he said.

China has been calling for greater Japanese investment and has decided to give a status to Japanese firms the same as that accorded to domestic firms.

The 64-year-old Japanese leader indicated that he will tell Chinese leaders that Japan will relax regulations on business machine exports to China.

"We will continue to follow the policy of helping China with its modernization efforts and actively take part in studies on easing Cocom regulations concerning exports to China," he said.

Asked about some political problems that have cropped up in the development of Sino-Japanese relations, Takeshita said he believes that all of them will be solved as long as the two countries respect each other's national conditions and customs and take the whole situation of bilateral friendship into account in tackling the issues based on mutual trust.

Although relations between Beijing and Tokyo have become closer, China has criticized Japan for school textbooks playing down Japan's aggression against China before and during World War II.

China has also been critical of Japanese cabinet ministers' visits to the Yasukuni Shrine, a Tokyo-located Shinto memorial dedicated to Japanese war dead, but also enshrining the remains of 14 Japanese classified as A-class war criminals by the Far East Military Tribunal at the end of the war.

Takeshita said in the interview that Japan should "properly take into consideration the national feelings of neighboring countries" when dealing with the issue.

Sino-Japanese relations have also been hurt by a Japanese court ruling that the Kokuryo student dormitory, located in Kyoto, belongs to Taiwan, although the Japanese Government has no diplomatic relations with Taiwan.

Takeshita said that both China and Japan need to make efforts to deal with the issue so there will be no detrimental effects on bilateral ties.

The government is sticking to its "one China" policy, as is demonstrated in the joint communique, Takeshita said.

Takeshita also indicated that he will explain to Chinese leaders about Japan's efforts to seek a greater political role in the international community and to contribute to stability and prosperity in the Asian and Pacific region as an Asian-Pacific nation.

Friendship With Japan Praised

OW2308120888 Beijing XINHUA in English
0759 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Sino-Japanese friendship lasting from generation to generation is China's state policy, not an expedient device, said Sun Pinghua, president of the China-Japan Friendship Association, in the run-up to Japanese Prime Minister Noboru Takeshita's visit to China Thursday.

In an interview with XINHUA, Sun said that Takeshita's visit will provide a chance for new government leaders of the two countries to meet and exchange views frankly on developing Sino-Japanese relations.

Sun expressed his hope that the Japanese prime minister's China visit would achieve concrete results and push Sino-Japanese relations to a new level.

Sun, who has been engaged in promoting Sino-Japanese friendship since 1952, has held the posts of deputy secretary general, secretary general, vice president and president of the China-Japan Friendship Association.

He told XINHUA that the policy of developing Sino-Japanese friendly relations was set out by the late Chairman Mao Zedong and the late Premier Zhou Enlai, who laid a solid foundation for the development of bilateral relations. The Japanese Government also regards developing relations with China as the mainstay of its foreign policy, he said.

The people-to-people contacts between China and Japan started in 1952, when the two countries signed their first non-governmental trade agreement. After 20 years' efforts, the diplomatic relations between the two countries were normalized and then they signed the treaty of peace and friendship on August 12, 1978. The two countries, enemies until the end of the second World War, became friendly neighboring countries, Sun said.

He noted that the Sino-Japanese friendly relations with a long history and solid foundation are now developing consistently in more areas.

Today's China-Japan friendly relations have not come about easily, Sun pointed out, "Our two sides should cherish them." [sentence as received]

Before 1972, people-to-people contacts played a pioneering role to help the two governments reach that point.

The people-to-people contacts have now been expanded to local governments, Sun said. Since 1973, 105 Chinese cities have set up friendship ties with Japanese cities and they have conducted extensive exchanges and cooperation in economy, trade, industry, agriculture, culture, education, and science and technology.

Since then, many other countries have followed suit. Now, China has friendly ties with about 300 foreign cities.

Sun said the number of visits exchanged between China and Japan is on the increase. The 25-year-old China-Japan Friendship Association received more than 60 groups of Japanese visitors during the first half of this year.

Recent years have seen increased exchanges between the two countries' young people that, he said, will be conducive to the generation-to-generation friendship.

He made special mention of the meeting of the Council of Chinese and Japanese Nongovernmental Figures, which has been held four times since 1982. He described the meeting as a regular channel for people-to-people contacts.

Speaking of the problems which have cropped up in the development of Sino-Japanese relations, Sun pointed out that the two countries should make joint efforts to solve the problems and avert new ones.

He said: "We are looking forward to the solution of these problems during the term of Prime Minister Takeshita."

Dunhuang Ready for Visit

OW2308132288 Beijing XINHUA in English
0646 GMT 23 Aug 88

[Text] Lanzhou, August 23 (XINHUA)—Japanese Prime Minister Noboru Takeshita, his wife and party will tour Dunhuang City in Northwest China's Gansu Province August 27, during Takeshita's China visit from August 25 to 30.

In Dunhuang, the prime minister and the other Japanese guests will visit the Mogao grottoes—worldwide renowned as the largest collection of Buddhist art treasures in China—the Dunhuang City museum, and the picturesque Mt. Mingsha and Crescent Spring in the desert.

Dunhuang was an important stop on the ancient "Silk Road" caravan route to Mideast and Europe.

Takeshita will be the first government leader from abroad to visit Dunhuang. The Gansu Provincial and Dunhuang City Governments regard the event as an honor and have made all possible preparations for the occasion.

In addition, Dunhuang Airport has been specially renovated for the occasion.

The Mogao grottoes consist of several hundred caves carved from the Fourth to Fourteenth Century in the steep face of a 1,600-meter cliff between Sanwei and Mingsha Mountains. The grottoes contain 2,200 painted statues and 45,000 sq m of murals in 492 preserved caves. Depicting Buddhist themes, "Dunhuang art" reflects how Buddhist art was assimilated into the development of traditional Chinese art. The study of Dunhuang art has spread widely, especially in China and Japan.

The Japanese prime minister will inspect a dozen important caves there, including a nine-story main shrine hall. It is believed that the visit will help promote the friendship between the Chinese and Japanese peoples, and cooperation in their study of Dunhuang art.

Twenty camels will transport the Japanese visitors to Mt. Mingsha and the Crescent Spring.

The Dunhuang City museum will offer the Japanese visitors a detailed history of Dunhuang, while the Gansu song and dance ensemble will entertain them with episodes of the dance drama, "Tales of the Silk Road" and other musical items.

The latest telecommunications equipment has been set up in Dunhuang for the convenience of Chinese and Japanese officials and reporters.

Takeshita Interviewed

HK2308144688 Beijing ZHONGGUO XINWEN SHE
in Chinese 1334 GMT 23 Aug 88

[Report: "Takeshita Meets Chinese Reporters Before His Visit to China"]

[Text] Tokyo, 23 Aug (ZHONGGUO XINWEN SHE)—Japanese Prime Minister Noboru Takeshita, who will soon visit China, this morning received some Chinese reporters in the Diet assembly hall and answered their questions.

Noboru Takeshita said: This year marks the 10th anniversary of the signing of the Japanese-Chinese Peace and Friendship Treaty. This was a memorable day. I hope that through talks with Premier Li Peng and other leaders and through a frank exchange of opinions, we will further deepen the mutual understanding and trust between our two nations. He said: Since the normalization of diplomatic relations, especially since the signing of the friendship treaty, Japanese-Chinese relations have made astonishing progress. It is hoped that the coming visit will lay a firm foundation for the further development of good relations between the two countries.

Noboru Takeshita said: Attaching importance to relations with China is a major pillar of Japan's foreign policy. Japan will further strengthen friendly and cooperative relations between the two countries according to the Japanese-Chinese Joint Statement, the Peace and Friendship Treaty, and the four principles governing Japanese-Chinese relations. At the same time, the Japanese Government highly values the efforts made by China to realize modernization, and it is willing to cooperate with China in this regard according to its ability.

As for the prospects for economic cooperation between the two countries, Noboru Takeshita said that economic relations and trade between Japan and China are advancing smoothly. The volume of trade is now 15

times larger than in 1972. The trade imbalance has been changed somewhat. The Japanese Government will encourage its people to increase investments in China and will continue to make efforts to relax the restraints on technology exports to China.

As for the Kokaryo issue, Prime Minister Noboru Takeshita said that Japan fully understood China's position on this issue, but in Japan, since "judicial independence" is an established principle, it is now not convenient for the government to intervene in the case. However, the government will persistently adhere to the position of "one China." As for the issue of the Yashikuni Shrine, he said that the Japanese Government will give consideration to the feelings of the people of neighboring countries.

Prime Minister Takeshita finally expressed his gratitude to General Secretary Zhao Ziyang for granting an interview to his friend Mr Sakai, director of the KYODO news agency. He then had a group photo taken with the Chinese reporters to mark the occasion.

This will be Takeshita's first visit to China since he became prime minister. Previously, he visited China in 1972, 1981, 1983, and 1987.

Takeshita Profiled

OW2408124388 Beijing XINHUA in English
1149 GMT 24 Aug 88

["Profile of Japanese Prime Minister Noboru Takeshita"—XINHUA Headline]

[Text] Tokyo, August 24 (XINHUA)—Japanese Prime Minister Noboru Takeshita will leave for Beijing Thursday on a six-day official visit to China, his first trip to the country since assuming power last November.

Born on February 26, 1924, Takeshita is the eldest son of an old sake (Japanese wine) brewing family in a quite farm village in Shimane Prefecture in western Japan.

He was influenced during his early days by his father, who served as a member of the Shimane Prefectural Assembly, and his mother, a woman with progressive ideas, to think in terms of a career in politics.

Being a teacher at a local secondary school in his hometown after his graduation from Tokyo's Waseda University, one of Japan's most prestigious private universities, in 1947, he devoted his free time to the youth group movement then sweeping Japan and soon became a leader of a young men's group seeking rehabilitation of the post-war nation.

In 1951, Takeshita, 27, took his first step into politics by winning election to the Shimane Prefectural Assembly with support of a local youth group and served in the assembly for seven years.

Takeshita was first elected to the House of Representatives in 1958, at the age of 34. His enormous popularity among his constituents has enabled him to continue serving in the Diet (parliament) for 11 consecutive terms or 30 years.

Takeshita first entered the cabinet as chief cabinet secretary under Prime Minister Eisaku Sato in 1971.

He has served for five terms as finance minister, becoming the fifth longest-serving finance minister in Japan, and the third longest since World War II.

Before becoming prime minister of the current cabinet, he was secretary general of the ruling Liberal Democratic Party (LDP). He is the LDP president and the leader of the largest Takeshita faction, which is made up of his supporters within the two houses of the Diet.

"Trust and harmony" is Takeshita's political creed. He always lends an ear to conflicting opinions and then coordinates different views to build a consensus.

Holding as the main theme of his political career the notion of "creating furusato," (home town) Takeshita hopes that Japan would become a country that is prosperous in the true sense and open to the world.

The prime minister believes that Japan should pursue a "good faith diplomacy" that contributes to the peace and prosperity of the international community.

The priority domestic issues he is tackling are housing, land, the tax system, and education.

Takeshita's ties with China date back to the days when he took an active part in youth group activities in his home prefecture. In 1957, 15 years before the normalization of relations between China and Japan, when a group of young Chinese paid a visit to Japan for the first time since the war, he served as the representative of youth groups in Shimane.

Takeshita has maintained his personal friendship for more than 30 years since then with current Chinese Vice-Premier Wu Xueqian who was deputy leader of the Chinese delegation. Wu was then head of the International Department of the All-China Youth Federation.

At the time of the normalization of Beijing-Tokyo relations in 1972, Takeshita visited China, ahead of Prime Minister Kakuei Tanaka, as a member of an LDP delegation.

In January 1987 he visited China as LDP secretary general and held talks with senior leader Deng Xiaoping.

Takeshita is the author of six books, including *Waga Michi o Yuku* (Seeking After the Path), and *Subarashii Kuni Nihon* (Wonderful Japan). He is also an avid reader.

During his childhood Takeshita was trained in sumo and judo, in which he currently holds the rank of fifth dan. He also serves as chairman of the Japan Yachting Association.

Besides judo, he plays golf, enjoys reading, and has deep interest in fine arts, especially Japanese-style painting.

Takeshita and his wife, Naoko, have three daughters, all of whom are married, and five grandchildren.

Trade Deficit With Japan Decreases Jan-Jun
OW2308114788 Tokyo KYODO in English 0946 GMT 23 Aug 88

[Text] Hong Kong, Aug. 23 KYODO—China's trade deficit with Japan was 950 million dollars in the first half of 1988, a decrease of 46.6 percent compared with the first half of last year.

According to Chinese customs statistics, trade between China and Japan was worth 8 billion dollars in the January-June period, an increase of 10.9 percent.

Japan is China's second largest trading partner after Hong Kong.

China's total foreign trade was worth 43.2 billion dollars in the first six months of 1988 and showed a deficit of 1.1 billion dollars, a decrease of 820 million dollars compared with the first half of 1987.

North, South Korean Preparatory Talks Reported
OW2008162188 Beijing XINHUA in English 1144 GMT 20 Aug 88

[Text] Pyongyang, August 20 (XINHUA)—Parliamentary delegations from both sides of Korea met at Panmunjom for a second day today but failed to narrow their differences. They agreed to meet again Monday.

The two five-man delegations held the first meeting between the two sides in nearly three years yesterday. However, they are deadlocked over the form and agenda of a proposed full North-South Korean parliamentary meeting.

Saturday's meeting, held at the "house of peace" on the South Korean side of the truce village of Panmunjom, lasted two hours and 34 minutes. The North reiterated its call for a full joint session of the two parliaments which would draft a non-aggression pact, and for cohosting the Olympic Games. These points had been rejected previously by the Seoul side.

At a news conference at the end of the meeting, Chon Kum-chol, chief of the North's delegation, blamed the South side for the absence of progress at today's meeting. However, he called the session helpful to the understanding of each side's stand and suggestions.

He said that whether the meeting will eventually make headway depends on a change in the South's attitude.

'No Concrete Results' Achieved
OW2308095388 Beijing XINHUA Domestic Service in Chinese 1332 GMT 22 Aug 88

[Text] Panmunjom, 22 Aug (XINHUA)—Parliamentarian representatives from North and South Korea held the third round of preparatory contacts at the "Reunification Pavilion" on the North Korean side of Panmunjom today. As both sides continued to insist on their basic stands, no concrete results were achieved.

The question regarding the form and agenda of parliamentary talks remained the focus of their dispute today. No agreement on the question was reached during their discussion.

Although no accord was reached at the third round of preparatory contacts, both sides indicated the desire to continue the contacts. Therefore, they decided that before the fourth round of preparatory contacts, the chiefs of the delegations from the two sides will hold consultations to decide the date and form for the next round of contacts.

The North side will notify the South about the date and place for the consultations.

North Proposes Further Talks
OW2308115288 Beijing XINHUA in English 0814 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—The Democratic People's Republic of Korea today proposed to resume talks with South Korea one day after the two sides broke off their three previous meetings at Panmunjom, according to reports reaching here from Seoul.

A spokesman for South Korea's National Assembly said Seoul receive a telephone message from the North side's chief delegate Chon Kum-chol calling for a "closed" meeting with South Korean delegation head Pak Chun-kyu.

Chon's proposal was in response to South Korean delegate Pak Chun-kyu's suggestion at Monday's meeting that they meet in private later to discuss the deadlocked talks.

The spokesman said Chon's phoned message arrived at 10:25 a.m., calling for an 11:00 a.m. meeting between the two senior delegates presumably to discuss the North-South talks which broke down Monday.

However, South Korean officials said Chon's proposal is physically impossible as it will take more than an hour for the South Korean delegate, who left Panmunjom along with his colleagues at the end of Monday's meeting, to drive from Seoul to the truce village on demilitarized zone.

The officials said they are now aiming for the meeting to take place on Wednesday.

Information about whether today's meeting was held or not is not available so far.

Five-member delegations from the North and South held three rounds of meetings beginning Friday on a bilateral parliamentary conference to discuss Pyongyang's participation in Olympics and a non-aggression pact. But the talks came to a deadlock over the form and agenda of the conference.

Meetings Seen As 'Political Show'

HK2408091288 Hong Kong TA KUNG PAO
in Chinese 24 Aug 88 p 2

["Political Talk" by Shih Chun-Yu (2457 0689 3768):
"It Is Said That the North-South Korean Talks on the
Eve of the Olympic Games Have Broken Down"]

[Text] The preparatory meetings for the North-South Korean parliamentary joint conference, convened on three occasions at Panmunjom from 19 to 22 August (adjourned on Sunday, 20 August), have broken down. Each side stuck to its position, like two trains running on two parallel tracks, and no unanimity could be achieved. Even the time for the next meeting was not set.

The three preparatory meetings were used for propaganda purposes by each side. South Korea insisted that North Korea should first take part in the Olympic games, while North Korea stressed that an agreement on mutual nonaggression should first be discussed. Both sides appeared to be very polite. At the first preparatory meeting on 19 August, five representatives from each side came to the meeting place in the "Reunification Pavilion" on the northern side of Panmunjom. They sat on either side of a three-meter wide conference table and stretched their arms in an attempt to shake hands. However, the table was too wide and they could not even touch each other's fingers. Finding that "the distance is still too far," both sides forced a smile.

The scene symbolized that it is indeed difficult to establish links between the North and the South after the estrangement of the past 40 years. The 3 days of preparatory meetings were a fruitless effort [deng yu bai fei 4583 2456 4101 6316]. The present direct North-South dialogue, which resumed after a lapse of 2 years and 8 months, ended without any results, disappointing the international community. In particular, the Olympic games will soon open in Seoul on 17 September, less than a month from now. People are worried that the breaking

down of the meetings may give rise to unrest and even a tense atmosphere on the Korean peninsula after the opening of the Olympic games.

As a matter of fact, both sides tried to take advantage of the preparatory meetings to make the other side meet their respective political demands. As far as Pyongyang was concerned, its major target was to sign a North-South agreement on mutual nonaggression and to make a declaration on mutual nonaggression. It insisted on "cohosting" the Olympic games in Seoul and was not willing to participate as an individual entity. As far as South Korea was concerned, it hoped, through the meetings, to persuade North Korea to take part in the Olympic Games. Since the Soviet Union, Eastern Europe, and China will have a strong lineup of athletes at the Games, the participation of Pyongyang would indicate that South Korea has more prestige and a more important position in the international community.

There was also endless quibbling over side issues at the preparatory meetings. For example, both sides insisted on their own views concerning the forms and agenda of the North-South Korean parliamentary joint conference to be held after the preparatory meetings.

As far as the forms of the conference were concerned, the North stressed that a joint conference to be attended by all members of the parliaments of the North and South and by representatives of other organizations should be held. The South held that a joint conference of all members of the parliaments should be held after a meeting to be attended by 20 members from each parliament to work out an agenda.

As far as the agenda was concerned, the North insisted that only two topics should be included on the agenda—the conclusion of a treaty on mutual nonaggression and the Olympic games issue. However, the South put forward four topics for the agenda (the participation of the North in the Olympic games; the conclusion of a mutual nonaggression agreement; increased exchanges; and resumption of economic talks and summit meetings). In the end, the North agreed to one more topic: North-South exchanges and cooperation. The South stated that it would not put forward by itself the question of allowing the North to take part in the Olympic games.

In the 3 days of meetings, both sides refused to give in on the forms and agenda of the conference. This showed that neither side had confidence in the other. The major deadlock was that the North insisted on cohosting the Olympic games and not taking part in it as an individual entity. This alone was something on which the two sides could not agree.

At present, the preparatory meetings have ended without fixing a date for a fourth meeting. Although it has not been officially announced that the meetings have broken down, it is expected that the next meeting will not be held before the Olympic games is over. South Korea will

concentrate all its efforts on the Olympic games. Even if another preparatory meeting is proposed before the Olympic games, no concrete results will be obtained unless the two sides change their positions. To date, the so-called preparatory meetings for the North-South parliamentary joint conference is only a "political show."

DPRK Envoy Addresses Geneva Arms Conference
OW2408115288 Beijing XINHUA in English
0800 GMT 24 Aug 88

[Text] Geneva, August 23 (XINHUA)—The Democratic People's Republic of Korea (DPRK) wants to turn the Korean peninsula and the whole of Northeast Asia into a peaceful, denuclearized zone, DPRK Ambassador to the Geneva United Nations Office Yi Chol said today.

Yi told the 40-nation conference on disarmament now taking place here that the United States is still aggravating tension on the peninsula. The presence of 40,000 American soldiers in South Korea and large-scale U.S.-South Korean military maneuvers constitute a permanent menace to his country.

For this reason, he said, the DPRK Supreme People's Assembly proposed on July 20 to hold parliamentary talks between the Assembly and the American Congress in New York, Pyongyang or in a third country. He said that these talks would strengthen mutual understanding and contribute to detente between North and South Korea in the interests of eventual reunification of the peninsula.

South Korean Students Launch Anti-War Campaign
OW2308225888 Beijing XINHUA in English
1578 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Over 500 South Korean students and dissidents held a rally in Seoul today beginning an anti-war and anti-nuclear campaign, according to an AP report from Seoul.

The AP report said the rally at Korea University in eastern Seoul called for the withdrawal of the 42,000 U.S. troops stationed in South Korea under a mutual defense treaty.

The rally, organized by a group sponsoring the "International Commission on Peace and Reunification of Korea," said the U.S. military presence in South Korea blocks unification of the Korean peninsula.

A statement adopted at the rally demanded the United States pull its troops out of South Korea along with its "thousands of nuclear weapons".

Yan Mingfu Meets DPRK Front Delegation
OW2408104288 Beijing XINHUA in English
0818 GMT 24 Aug 88

[Text] Beijing, August 24 (XINHUA)—Yan Mingfu, member of the Secretariat of the Chinese Communist Party (CPC) Central Committee, met here today a delegation from the Democratic Front for the Reunification of the Fatherland of the Democratic People's Republic of Korea (DPRK).

The delegation is headed by Yu Ho-chun, secretary-general of the Secretariat of the front's Central Committee.

The Korean visitors are here as guests of the National Committee of the Chinese People's Political Consultative Conference, of which Yan Mingfu is vice-chairman. He is also head of the United Front Work Department of the CPC Central Committee.

Southeast Asia & Pacific

'Roundup' on 'Worsening Situation in Burma'
OW2408090888 Beijing XINHUA in English
0708 GMT 24 Aug 88

["Roundup: Worsening Situation in Burma (by Lu Jimin)"]—XINHUA headline]

[Text] Rangoon, August 23 (XINHUA)—Tens of thousands of people held an anti-government demonstration Tuesday in Rangoon, amid increasing confrontation between protesters and the government, and the Armed Forces are tightening security.

In the past few days, mass protests also erupted frequently in other cities and towns. The situation throughout the country is deteriorating.

The large-scale nationwide demonstrations erupted just three days after the new Burmese leader, Maung Maung, came to power last Friday.

Maung Maung was elected state president and chairman of the ruling Burma Socialist Program Party (BSPP) on August 19 at separate emergency sessions of the people's congress and the party's central committee.

During the sessions, authorities discussed political issues put forward by the demonstrators and announced the setting-up of a committee for collecting and researching public opinion.

But the sessions didn't meet students' demands for democracy, and failed to deal with the armed bloodshed that has taken place since August 9, and the demand for the release of hundreds of protesters jailed during the riots. The government's inaction has stirred strong resentment among students and other civilians.

Mass rallies have been held peacefully since Friday outside Rangoon General Hospital, condemning the authorities' crackdown on demonstrations, demanding an end to the single-party system and the release of all jailed demonstrators.

On Tuesday, the protests continued in the major cities. The demonstrators included students, workers, intellectuals and government employees.

The situation, calm since Friday, became volatile again and the new Burmese leader was faced with new protests by students.

It's widely accepted that the worsening situation is rooted in the BSPP's bungling of the country's economy, the crackdown on the student movement and its ignorance of public opinion.

Burmese have become more and more dissatisfied with the government. They have lost confidence in economic reform.

In Rangoon, many factories have stopped operation and most shops are closed. Some local governments are reportedly paralyzed.

The new Burmese leader, to say the least, has his order book full.

Reasons for Burmese Minister's Resignation Cited
BK2408121588 Beijing International Service
in Burmese 1130 GMT 24 Aug 88

[Text] XINHUA cites the Burmese press as reporting yesterday that U Tun Way, Burmese health minister, has resigned as minister and member of the People's Assembly. It was also reported that his letter of resignation had been accepted by the State Council.

It is learned that U Tun Way had to resign because he put pressure on the Burma Medical Association to withdraw its statement which demanded that the authorities not open fire at demonstrators to disperse crowds.

'Roundup' on Foreign Investment in Philippines
OW2408025388 Beijing XINHUA in English
1153 GMT 23 Aug 88

["Roundup: Philippines Makes Vigorous Efforts To Attract Foreign Investment (by Zhai Shuyao)]

[Text] Manila, August 23 (XINHUA)—Foreign businessmen continue to pour fresh investment in the Philippines in what appeared to be an improvement of its investment climate.

In an exclusive interview with this correspondent here today, Mrs. Gloria Macapagal-Arroyo, assistant secretary for investment of the Trade and Industry Department, said that foreign investments in this country

reached slightly over 11 billion pesos (about 500 million U.S. dollars) for the first 6 months of this year, already surpassing the total foreign investments of 9.84 billion pesos (nearly 470 million U.S. dollars) for the whole of 1981, which were considered the highest for the past 20 years.

She attributed the increase of foreign investments here to the great efforts the Philippine Government has been making to create an environment that is good for investors.

As a developing country, the Philippines has always placed great significance on the contribution of foreign investment to its economy. This year, in particular, the Aquino government is trying to make investment, instead of consumption, provide the major impetus of the economic growth, she said.

As a major step towards this end, the government has formulated a new omnibus investment code, which provides such incentives for foreign investors as an income tax holiday from 4 to 6 years, 5-year tax and duty exemptions on imported capital equipment, and a deduction of incremental labor expenses for expanding firms.

It also recognizes the right of foreign investors to repatriate investment and remit earnings, and their freedom from expropriation and property requisition.

The code even grants foreign investors a special investor's resident visa for investments of at least 75,000 U.S. dollars in the country. The visa entitles its holder to reside in the Philippines for as long as his investment subsists.

To cut down red tape and simplify procedures for investors, a one-stop action center for investments has been set up under the Board of Investment to make investment procedures in the Philippines easier and faster.

The center now follows a timetable of 20 working days to pass decision on an application of investors for registration, according to Leticia Vina-Ibay, director of the center.

With improving investment climate, Mrs. Arroyo said, "We are confident that we will overfulfill the target of 1 billion U.S. dollar investment for this year."

She, however, admitted that there are still factors which inhibit the inflow of investment.

"Our infrastructure is not yet so complete. But we have taken measures to improve the infrastructure and made this our priority," she said.

She added that the government has adopted the strategy of focusing industrialization efforts on 13 regional industrial centers, where all necessary infrastructure projects, such as roads, ports, power supply, telephones, and direct dialing, are being built to facilitate investment.

She also pointed out that "the most important factor affecting the Philippine investment climate has been political stability."

"It is only since we succeeded in neutralizing the threats from the coup attempts that investors have gained new confidence in our country," she said.

New Zealand Opposition Leader Departs for PRC
OW2308121588 Beijing XINHUA in English
0933 GMT 23 Aug 88

[Text] Wellington, August 23 (XINHUA)—Jim Bolger, opposition leader and leader of the New Zealand National Party, left Auckland, North Island, this afternoon for a visit to China.

The week-long visit beginning August 25 will be his first to China.

In a pre-visit interview with XINHUA, he said the purpose of the tour was primarily to acquaint himself with "a nation that not only has a dominant world role opening up but a very important role in Asia."

Describing China as a very important trading partner for New Zealand, he said he would look into opportunities for further trade expansion between the two countries.

China ranks fifth in New Zealand's top ten export markets, next to the United States, Japan, Australia and Great Britain, and is the biggest buyer of New Zealand wool.

He said that with New Zealand opening up its economy, China, with its fast developing industrial base, would be in a position to compete more effectively with other economies in getting its "vast array" of goods into the New Zealand market.

Bilateral trade is now significantly in New Zealand's favor.

The opposition leader said he would like to see what had been a very friendly, warm and much closer bilateral relationship that had been developed over the last 15 years or so to continue. "I just hope to add to that," he said.

Jim (James) Bolger became leader of the National Party in March 1986. The National Party led by Robert Muldoon was the ruling party of New Zealand from November 1975 to July 1984.

Bolger, accompanied by his wife, Joan, the opposition spokesman on overseas trade Warren Cooper and National Party Secretary General Max Bradford, will move on to Japan for four days after his China trip.

Near East & South Asia

President Yang Receives Syrian Assembly Speaker
JN2308215788 Damascus Domestic Service in Arabic
1515 GMT 23 Aug 88

[Text] Beijing—PRC President Yang Shangkun this morning received People's Assembly Speaker 'Abd al-Qadir Qaddurah and the accompanying delegation. The PRC president welcomed Comrade Qaddurah and the accompanying parliamentary delegation. He wished the visiting delegation a good stay in the PRC, which is a friendly country to Syria.

During the meeting, the conversation dealt with the good relations between the PRC and Syria, and the compatibility of both countries' viewpoints on the important international issues, particularly the Middle East question. 'Abd al-Qadir Qaddurah expressed his thanks for the hospitality, with which the delegation was received by PRC party and state officials.

During the meeting, Qaddurah conveyed the greetings of the comrade President Hafiz al-Asad to PRC President Yang Shangkun and to the government and people of the PRC.

Qaddurah referred to the PRC's stand toward the Arab people's just struggle to regain their rights, to liberate their land, and against the policy of expansion and hegemony practiced by the United States and its ally—Israel. Qaddurah asserted that Syria's principled policy, led by the struggler President Hafiz al-Asad, is a policy of pan-Arabism and liberation which aims to confront the imperialist plots, and which is against the expansionist aggressive policy practiced by Israel against the Arab people in the occupied territory. He asserted that Syria's steadfast course will remain until liberation and victory are achieved.

On conclusion of the meeting, the PRC president sent his wishes and greetings to President Hafiz al-Asad.

People's Assembly Speaker 'Abd al-Qadir Qaddurah and the accompanying delegation this morning visited the tomb of late PRC Leader Mao Zedong and laid a wreath on it.

Qatar Special Envoy Meets With Officials

Zhou Nan Gives Dinner
OW2408012088 Beijing XINHUA in English
1350 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Chinese Vice Foreign Minister Zhou Nan gave a banquet for Shaykh Hamad ibn Suhaym Al Thani, Qatar Government special envoy and vice minister of foreign affairs, and his party here tonight.

Speaking at the banquet, Zhou said he was delighted to receive the first group of Qatar visitors since the establishment of diplomatic relations between China and Qatar last July.

Both Zhou and Hamad expressed the belief that the current China visit will increase mutual understanding and friendship between the two peoples and provide an opportunity for discussions on expanding friendship and cooperation in various fields between the two countries.

The two vice foreign ministers also expressed delight for the conclusion of agreements on ceasefire and on holding direct negotiations between Iran and Iraq.

They also expressed concern about the Palestinian question.

Hamad arrived here this afternoon for a friendly visit at the invitation of the Chinese Government.

Addresses Dinner

JN2308182988 Manama WAKH in English 1650 GMT
23 Aug 88

[Text] Beijing, August 23 (GNA)—Qatar's Foreign Under Secretary, Shaykh Hamad ibn Suhaym Al Thani has urged major world powers to shoulder their responsibility in helping the Palestinian people regain their rights and in implementing the international community's will represented in the United Nations resolutions on the Palestinian issue.

At a dinner banquet today hosted by the Chinese Deputy Foreign Minister, Zhou Nan, Shaykh Hamad praised the firm Chinese position in supporting the Arab causes, especially the Palestinian cause, the QATARI NEWS AGENCY said.

Shaykh Hamad ibn Suhaym said that the Palestinian people who continued to suffer from the Zionist oppression continued meanwhile the struggle in their homeland and in exile, citing the Palestinian uprising in the Israeli-occupied territories.

As concerning the Iraq-Iran war, Shaykh Hamad lauded the positive steps taken by both concerned states to stop the conflict and to implement the United Nations Security Council Resolution 598.

The Qatari Foreign Under Secretary said that China has contributed to formulating and implementing Resolution 598 as it exercised its responsibility as a permanent member of the Security Council. He indicated that the resolution reflected the desire of all to find a peaceful and permanent settlement for the conflict between the two countries according to the United Nations charter and the principles of international law.

Shaykh Hamad expressed the hope that efforts will succeed in restoring peace between Iraq and Iran in order to maintain security in the region and boost world peace and security.

Shaykh Hamad said that the state of Qatar boasts its being part of the Arab nation which contributed greatly to human heritage, and its belonging to Islam which preaches noble spiritual values.

He noted that since its independence, the state of Qatar began to build its development on the principles of genuine friendship and mutual respect with other countries.

Shaykh Hamad ibn Suhaym conveyed to the leadership and to the people of China the greetings of the Qatari amir, government and people, expressing the hope that his current visit to Beijing will be the prelude for a strong cooperation based on the principles of the United Nations Charter which provides for equality sovereignty and non-interference in others's affairs.

The Chinese official stressed that his country has always supported policies of peace and independence and opposed all acts of aggression and expansion in the world. It also seeks to support international efforts aiming at maintaining world peace and stability, he added.

He noted that his country has supported the United Nations Secretary General Javier Perez de Cuellar's efforts to implement all the articles of the U.N. Security Council Resolution 598 on the Iraq-Iran war after carrying out the cease-fire between both belligerents, in order to achieve the long-awaited peace in the Gulf.

Zhou Nan said that the Chinese Government pays a great attention to peace, stability and to the freedom of navigation in the Gulf.

Meets President

OW2408120788 Beijing XINHUA in English
1103 GMT 24 Aug 88

[Text] Beijing, August 24 (XINHUA)—Chinese President Yang Shangkun met Shaykh Hamad ibn Suhaym Al Thani, Qatar Government special envoy and vice-foreign minister, and his party here today.

Hamad is the first Qatar Government official to visit China since the two countries established diplomatic relations July 9.

Yang said the establishment of diplomatic relations between China and Qatar is a major event in the history of the bilateral relations, marking a new era of the two countries' friendly relations and cooperation.

"The Chinese Government is willing to further expand friendship and cooperation with Qatar on the basis of the five principles of peaceful co-existence," Yang added.

He said he believes cooperation between the two countries in the political, economic, cultural and other fields will grow in an all-round way.

Hamad conveyed to Yang regards from the Qatar emir and crown prince. Yang also asked Hamad to convey his regards to the amir and the crown prince.

Speaks With Qian Qichen

OW2408120188 Beijing XINHUA in English
1144 GMT 24 Aug 88

[Text] Beijing, August 24 (XINHUA)—Chinese Foreign Minister Qian Qichen met Shaykh Hamad ibn Suhaym Al Thani, Qatar Government special envoy and vice-foreign minister, here today.

The two sides reached identical or similar views on the international and regional issues they discussed.

They expressed appreciation of the latest development in the Gulf region and the ceasefire between Iran and Iraq, which the two officials hoped would solve their disputes through peaceful negotiations under the direction of the U.N. secretary-general.

Qian said that peace and development are a trend of the world today. Although there still exist difficulties on the way to peace between Iran and Iraq, he said, a just, lasting and overall peace will come in the Gulf region as long as the two countries have good faith.

Hamad said Qatar would welcome any Chinese move to promote the realization of peace and stability in the Gulf region through its influence and contacts with Iran and Iraq.

The host and the guest expressed satisfaction with the establishment of diplomatic relations between China and Qatar, which took place July 9 this year. They agreed that the two countries would expand political, economic and cultural relations on the basis of the five principles of peaceful co-existence.

Earlier today, Chinese Assistant Foreign Minister Yang Fuchang held talks with Hamad on international issues and bilateral ties.

Arab League Committee Meets Qian Qichen
JN2308124188 Baghdad INA in Arabic 1040 GMT
23 Aug 88

[Text] Beijing, 23 Aug (INA)—The delegation of the seven-member Arab committee entrusted with following up developments of the Iraq-Iran war met with PRC Foreign Minister Qian Qichen here today.

The committee's delegation, which includes Sa'dun Hammadi, Iraqi minister of state for foreign affairs; and Shaykh Sabah al-Ahmad, Kuwaiti deputy prime minister and foreign minister, urged the PRC in its capacity as one of the UN Security Council's five permanent member states to play its role in implementing UN Security Council Resolution 598 and in achieving a lasting and comprehensive peace between Iraq and Iran. The delegation also drew attention to Iran's intentions, which accepted the resolution a year after its issuance, and which attempted to evade all that would lead to a comprehensive peace.

The Kuwaiti foreign minister said that the steadfastness of the Iraqi people, army, and wise leadership forced Iran to accept the resolution.

The PRC foreign minister said that his country's stand toward the implementation of the UN Security Council resolution and holding direct negotiations between Iraq and Iran to achieve a lasting and comprehensive peace is declared. He stressed that the PRC will do its utmost to achieve this.

The delegation also met with PRC President Yang Shangkun. The delegation expressed appreciation of the firm Arab-PRC relations and the PRC's role at the UN Security Council in implementing Resolution 598.

The PRC president praised the PRC-Arab relations and stressed the PRC's role in implementing UN Security Council Resolution 598 and in establishing a lasting and comprehensive peace between Iraq and Iran.

The seven-member Arab committee's delegation arrived in Beijing last night.

Bangladesh Foreign Minister Continues Visit

Attends Envoy's Dinner

OW2308122788 Beijing XINHUA in English 1124 GMT
23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Bangladesh Ambassador to China Farooq Subhan gave a dinner at the embassy here this evening to welcome the visiting Bangladesh Foreign Minister Humayun Rashid Chowdhury and his party.

Among the guests were Chinese Foreign Minister Qian Qichen, and Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee.

Meets With Zhao

HK2408110088 Beijing RENMIN RIBAO in Chinese
24 Aug 88 p 1

[Text] Beijing, August 23 (XINHUA)—Chinese party leader Zhao Ziyang said here today that China hopes South Asian countries would co-exist peacefully and develop good-neighborly relations.

At a meeting with the visiting Bangladesh Foreign Minister Hunayun Rashid Chowdhury, Zhao said that China wants to see peace, stability and economic development in South Asia.

He reiterated that China will continue to support the just stand of the South Asian countries in upholding national independence, state sovereignty and territorial integrity.

Zhao, general secretary of the Chinese Communist Party Central Committee, said that China is willing to develop friendly relations with all South Asian countries.

He spoke highly of Bangladesh's foreign policy of non-alignment and independence and its positive role in strengthening cooperation in South Asia and the international community.

Chowdhury said that close relations of cooperation exist between Bangladesh and China and that his country will make further efforts to deepen these relations.

Zhao Ziyang said that President Hussain Mohammad Ershad is an old friend of the Chinese people. The smooth development of Sino-Bangladesh relations is inseparable from the unremitting efforts of President Ershad.

Kang Keqing Meets Algerian Women's Delegation
OW2308125688 Beijing XINHUA in English 1009 GMT
23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Kang Keqing, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the All-China Women's Federation, met here today an Algerian women's delegation.

The delegation, headed by Fatima Aoufi, general secretary of the All-Algeria Women's Union and member of the Central Committee of the party of the National Liberation Front, arrived here August 22 for a visit at the invitation of the All-China Women's Federation.

The visitors have exchanged views with Chinese colleagues on employment and training for women, China's reform and family planning.

Comparison of Wu Xueqian, Indians Meeting

Beijing RENMIN RIBAO in Chinese on 20 August carries a XINHUA report entitled "Wu Xueqian Meets Indian Delegation." The RENMIN RIBAO version has been compared with the XINHUA English version published in the 19 August China DAILY REPORT on page 18, revealing the following variations:

Penultimate paragraph, only sentence: "...gradually be solved.

"Wu Xueqian also briefed the Indian visitors about China's price and wage reforms to be launched soon.

"The All-India Peace and Solidarity Organization is a national peace body made up of various political parties in India. Its basic stand is: introduction of general disarmament, destruction of nuclear weapons, and building a world free of nuclear weapons and violence.

"The visitors arrived..." [adding paragraphs]

Sub-Saharan Africa

Zheng Tuobin Meets Malian Planning Minister
OW2408002788 Beijing XINHUA in English
1258 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Zheng Tuobin, minister of foreign economic relations and trade, met and gave a dinner for Malian Minister of Planning Anthioumane N'diaye and his party here today.

The guests arrived this morning for a week-long visit.

Government To Improve Cooperation With Nigeria
OW2408013188 Beijing XINHUA in English
2334 GMT 23 Aug 88

[Text] Lagos, August 23 (XINHUA)—Chinese Ambassador to Nigeria Jin Boxiong said today that Sino-Nigerian bilateral cooperation will be intensified.

Paying a courtesy call to Nigerian Minister of Science and Technology Emmanuel Emovon here today, the ambassador promised that China will make great efforts to promote cooperation with Nigeria in the fields of traditional medicine and research in high yielding rice plantation in the country.

The Nigeria-China Joint Commission will meet soon to discuss issues on bilateral cooperation.

Professor Emovon said that he will go to China to take part in the meeting of the International Council of Scientific Unions scheduled for September 11. During his stay, he will hold more discussions with his Chinese counterpart, he said.

Zambian Party Chief Meets CPC Official
OW2308163788 Beijing XINHUA in English
1506 GMT 23 Aug 88

[Text] Lusaka, August 23 (XINHUA)—General Secretary of the Zambian United National Independence Party (UNIP) Grey Zulu expressed his hope here today that the existing friendly and cooperative relations between the UNIP and the Communist Party of China (CPC) will be developed further.

During the meeting at noon today with Li Yan, deputy head of the Propaganda Department of the CPC Central Committee and CPC representative to attend the UNIP general conference, the Zambian party chief said that he is very grateful to the Chinese leaders for sending their representative for the first time to attend the UNIP general conference.

Mr. Zulu also expressed his appreciation over the good relations between the two parties.

Li Yan once again congratulated Mr. Zulu on the successful convening of the UNIP general conference, which ended yesterday after the election of a new party Central Committee, the re-election of President Kenneth Kaunda as the party leader and adoption of a new party constitution.

Li said he believed that the Zambian people, under the leadership of President Kaunda and the UNIP, will make further progress in their national development.

West Europe

Vice Foreign Minister Zhou Leaves for Europe
OW2408112688 Beijing XINHUA in English
0817 GMT 24 Aug 88

[Text] Beijing, August 24 (XINHUA)—Chinese Vice-Minister of Foreign Affairs Zhou Nan left here by air this afternoon for a visit to Iceland, Sweden, Denmark, Ireland, the Netherlands and Austria.

On his way home after the visits, Zhou will stop over at Switzerland to officiate the opening ceremony of the Chinese Consulate General in Zurich.

Vice Premier Meets Federal German Official
OW2408112888 Beijing XINHUA in English
0816 GMT 24 Aug 88

[Text] Beijing, August 24 (XINHUA)—Chinese Vice-Premier Yao Yilin said here today that China attaches importance to its cooperation with Federal Germany and other member countries of the European Community.

Yao made the remark at a meeting with Dr. Ernst Albrecht, governor of Lower Saxony, Federal Germany, who arrived here yesterday on a ten-day visit.

Cooperation in the economic, cultural and educational fields between China and Federal Germany will continue, Yao added.

Albrecht said that Lower Saxony, which has already had good cooperation with China, will buy more from China while trying to sell more to China.

Earlier today, Chinese State Councillor Li Tieying, who visited Federal Germany early this year, discussed cooperation in education between China and Lower Saxony with Albrecht.

NPC's Chen Muhua Meets French Delegation
OW2308114488 Beijing XINHUA in English
0832 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Chen Muhua, vice chairman of the Standing Committee of the Chinese National People's Congress, met here today a delegation from the Paris Chamber of Commerce and Industry of France headed by its President Philippe Clement.

Chen praised the chamber for its contributions to the development of Sino-French economic and trade relations and hoped for continued efforts from the chamber.

Present was Jia Shi, president of the China Council for the Promotion of International Trade.

The visitors, who arrived August 20, have exchanged views with their hosts on furthering Sino-French economic and trade relations and discussed the possibilities of multi-form economic and technical cooperation.

French Exhibit To Show PRC Products, Technology
OW2308133888 Beijing XINHUA in English
0629 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—The China Great Wall Industry Corporation has chosen 18 kinds of products and technology to show at an international hi-tech exhibition to be held in Grenoble, France, in October.

The corporation is responsible for satellite launch service marketing in China.

A corporation official said here today that on display will be China's satellite launching and recovery technology as well as equipment for micro-gravity experiments.

Since November 1975, China has successfully launched 11 satellites which returned to the earth on schedule, and provided piggyback services for French and Federal German companies, and the Chinese Academy of Sciences.

Other exhibits include a satellite high-resolution cloud map receiving equipment, magnetic driving seals, micro-processor control for machining super thicknesses, small

polarized relays, hot and cold water mixing valves, new technology for manufacturing spherical vessels and electrodeposited wear-resisting coatings.

The corporation will also display a fresh preservation agent for fruits and vegetables. It can keep apples fresh six to eight months and bananas, three to five months. The corporation exported the agent to some countries in Southeast Asia last year, earning 470,000 U.S. dollars.

SAS Opens Copenhagen-Beijing Air Route

OW2308185488 Beijing XINHUA in English
1523 GMT 23 Aug 88

[Text] Helsinki, August 23 (XINHUA)—A DC-10 passenger plane with over 200 passengers on board took off late today from Denmark bound for Beijing, marking the opening of the Copenhagen-Beijing airway, reports reaching here said.

The air route, the second between Nordic countries and China following the opening of Helsinki-Beijing lines in June this year, covered a distance of 7,651 kilometers in nearly nine hours.

The plane flies to Beijing every Tuesday and returns the next day.

Officials of the Scandinavian Airlines (SAS), which opened the airway, said the setting-up the linkage would help strengthen ties between China and the Nordic countries.

SAS, a combination of airline companies of Denmark, Sweden and Norway, is among world's top 20.

Danish and Norwegian transportation ministers as well as Norwegian and Swedish princesses are among those on board.

'Roundup' on Improvement in UK, Iran Relations

HK2308072588 Beijing RENMIN RIBAO in Chinese
17 Aug 88 p 6

["Roundup" by RENMIN RIBAO reporter Chen Tean (7115 3676 1344): "New Developments in Anglo-Iranian Relations"]

[Text] London, 15 Aug (RENMIN RIBAO)—When the television is switched on, the screen shows the Iranian special envoy from the Foreign Affairs Ministry cheerfully strolling down the street in London. And the British diplomat currently visiting Tehran is radiant with joy. The appearance of a favorable turn in 10 years of cold Anglo-Iranian relations makes headline news here.

The "open, uninhibited" talk on the hostage problem between Robert Runcie, Archbishop of Canterbury, and the Iranian special envoy ended last night. Dr Runcie is happy with the improvement in Anglo-Iranian relations. British newspapers infer that there is hope that British hostages will be released.

Observers here believe that through a series of talks the improvement in relations between Britain and Iran is a pleasing development. According to the British spokesman, the 4-day London talks were conducted in a "sincere, frank, cheerful and pleasant" way. This shows that both sides have made "progress" regarding "mutual trust." The official Iranian news agency openly praised the action of the British Diplomat (Redway).

During the talks both Britain and Iran made certain commitments and have begun to take specific actions. On the day following the arrival of the Iranian special envoy in London, the Iranian Embassy stated that Iran would assist Britain in rescuing the hostages. And when the London talks were about to end, Iranian Foreign Minister Velayati made a lightning visit to Syria and delivered an oral message from Iranian President Khamenei calling for Syria's help in rescuing Western, particularly British, hostages. Tehran also allowed British diplomat (Redway), now visiting Iran, to meet the two Britons held in Tehran's prison. On the day after the Iranian special envoy's arrival, Britain promptly sent a diplomat to Tehran to communicate her pledges, such as London will not obstruct Iran's intention of bearing only reasonable responsibility in the Gulf war. The Archbishop of Canterbury also expressed to Teheran his intention of continuing the search for the Iranians missing in Beirut since 1982. The newspapers here predicted that the Anglo-Iranian talks have made "the resumption of full diplomatic relations between the two countries move faster than expected."

The unexpectedly rapid favorable turn has to do with the mutual needs of the two countries and the relaxing trends in the international situation. The ceasefire in the Gulf has paved the way for Iran to resume contacts with the outside world. At present, Iran is actively seeking to resume and develop relations with Britain, and this is part of its efforts to resume and develop contacts with the whole Western world. Recently it has resumed relations with France and Canada and, according to reports, is seeking ways to resume relations with the United States and West Germany. The press in Britain pointed out that another consideration that has prompted Iran to actively resume relations with Britain is that the term for Britain to chair the U.N. Security Council is at hand. Iran is hoping that Britain may play a positive role for Iran in dealing with Gulf war affairs.

It is difficult to predict how fast Anglo-Iranian relations will develop but as far as its development is concerned, obviously there are some problems. For example, Iran has demanded that British warships be pulled out of the

Gulf, but Britain recently has made clear that the warships will continue to stay there to carry out missions. Another example: Iran is going to help Britain to solve the hostage problem, but it has been reported that an Iranian hardline group in Beirut would not listen to Iran's order to release the hostages. However, observers here believe that no doubt Anglo-Iranian relations are on the mend.

East Europe

CSSR President Talks With Ambassador Wang

OW2408050788 Beijing XINHUA in English
0142 GMT 24 Aug 88

[Text] Prague, August 23 (XINHUA)—Czechoslovak President Gustav Husak said today that his country and China have the same political goals regarding reform, and that there are possibilities for new cooperation based on mutual benefit.

At a meeting with Chinese Ambassador Wang Xingda in Prague before his coming visit to China in early September, Husak said he is looking forward to meeting with China's leaders.

"I'm eager to have talks on reform with Chinese leader Deng Xiaoping, a veteran revolutionary, and the designer of reform in China."

Husak said he is satisfied with Czechoslovak-Chinese relations, adding that the exchange of visits by leaders of the two countries have promoted cooperation between Czechoslovakia and China.

Roundup Views Polish Concern Over Strikes

OW2308115688 Beijing XINHUA in English
0823 GMT 23 Aug 88

["Roundup: Poles Concerned With Spreading Strikes (by Wen Youren)—XINHUA headline]

[Text] Warsaw, August 22 (XINHUA)—Poland needs a stable environment to develop its economy, and Poles are much concerned with the strikes that have swept the country.

The unrest started a week ago with workers at the July Manifest Coal Mine near the city of Katowice in southern Poland and has spread to 11 mines and 10 factories. The strikes have a political nature have cost grave losses to the country's economy.

In the first half of this year, the wage price scale, which was part of the country's economic reform program, did not achieve expected results. Consumer prices and wages skyrocketed in a vicious spiral, which lead to labor unrest in late April and early May.

The government took quick measures to calm the strikers, but the outlawed Solidarity Trade Union activists threatened to start a new wave of strikes by the fall.

The country's economic reform requires that enterprises determine workers' wages according to the economic results and that caused the government to recently suspend some privileges that had been included in the workers' charter. Aware of the imbalance of wages and living expenses, the Miners' Union and the government were nearing an agreement to restore the privileges and adjust wages when a strike hit the July Manifest Mine.

The strike is clearly political in nature because the strikers have demanded recognition of Solidarity, which was crushed in 1981 when the government imposed martial law.

Strikers also have pressed for unreasonable economic demands, including raising their wages to double the national average for five days work per week, and advancing the retirement age to 38.

Former Solidarity leader Lech Walesa came to the Gdansk Lenin Shipyard several times to incite workers to strike. Some Solidarity activists who are not miners also organized the miners' strikes.

Most of the strikers are young workers, who did not experience the country's strikes of the early 1980s. Those who took part in the earlier strikes do not agree with the current spat because they know strikes would do no good. Some strikers have returned to work.

Besides causing heavy economic losses, the strikes may also affect foreign financial aid to the country. The government is discussing with the International Monetary Fund and the World Bank for loans, for which a stable political environment is crucial.

Many Poles say that living standards cannot be raised without economic reform in a stable environment.

Yugoslavia Attempts To Control Inflation

HK2408063388 Beijing RENMIN RIBAO in Chinese
19 Aug 88 p 7

[Article by Lu Cunshu (4151 1317 3219): "Price Reform and Inflation in Yugoslavia"]

[Text] Since the beginning of August the Yugoslav Government has made two consecutive decisions on its economic policy. In the first decision the government announced that the prices of products and the value of labor in energy, railway, postal, and telecommunication departments can be decided by these departments. The second decision is to import \$400 million worth of raw

materials for consumer goods to alleviate the contradiction between supply and demand and control price rises. These are important measures taken by Yugoslavia to further the reform of the price system and control inflation.

Yugoslavia has encountered big economic problems over the last few years, such as high inflation rates, low industrial growth rates, continuous price rises, an upward tendency in unemployment, and heavy foreign debts. The League of Communists of Yugoslavia [LCY] and the Yugoslav Government have taken a series of measures to resolve these problems. They unanimously agreed during several discussions in the 1st half of this year that first of all efforts should be made to reduce inflation.

The problem of inflation has received due attention. At the beginning of January this year the Yugoslav Federal Assembly adopted a resolution on social and economic development for 1988. The resolution pointed out that serious inflation is the comprehensive reflection of an economic crisis and that this year's task is to reduce inflation rates by a large margin. To reduce inflation rates, the Yugoslav Government has expanded its supervision over prices to control rises. At the same time it has also imposed limitations on consumption. At the end of last year in particular, Yugoslavia froze prices after it proposed 120 measures in its combat-inflation program. However, these measures were of little help due to various reasons. In December 1987 retail prices rose by 167 percent over the same period of the previous year, and the cost of living by 170 percent. In January this year the cost of living rose by 158 percent over the same period of last year, ranking among the few countries in the world whose inflation rates have amounted to a three-digit number. On the night of 28 May this year the Yugoslav Government decided to stop price-freezing and to introduce free prices, free imports, and free foreign exchange, stipulating that the prices of 60 percent of commodities could be set freely and that the dinar was devaluated by 23.9 percent. This deflation policy was aimed at observing the economic law, reducing administrative intervention, providing favorable conditions for the market mechanism, and regulating prices by means of free market economic relations to reduce the inflation rate of 167 percent to 90 or 95 percent by the end of this year. But only 1 month later, that is, in June, the retail prices of commodities rose by 21.1 percent over the previous month. Statistics compiled by the government suggest that retail prices in July rose by 189.9 percent over the same period of last year. The inflation rate during the first 7 months was registered at 190 percent. The department concerned has predicted that it is difficult to stop price rises.

There are many factors causing high inflation rates in Yugoslavia. A direct factor is the implementation of a high consumption policy since the mid-1960's. As a result, the consumption increase rate has exceeded the

production growth rate, thereby impacting on the balance between supply and demand and bringing about price rises. The relaxation of control over prices in May this year produced even worse results. In June and July, prices rose by 32.2 percent on the average, and the prices of some commodities rose by 800 percent. Leaders of party and government organs pointed out that to change this situation, the existing economic structure must be reformed. An "economic structural reform committee," headed by Mikulic, president of the Federal Executive Council, was formed on 23 February this year. The committee's task is to work out reform programs for the production and planning systems, for the price, financial, and income distribution systems, and for foreign economic relations. The basic principle of reform is to observe the economic law, to open up to the world, to strengthen regulation by the market mechanism, to reduce administrative intervention, to expand enterprises' autonomy, and to remove the theory of the will alone being the decisive factor in economic construction. There are 10 special groups under this committee. It is expected that they will propose an economic structural reform program this autumn.

The LCY and the Yugoslav Government held meetings on several occasions in the 1st half of this year at which proposals were made to reduce inflation rates. Important measures proposed include doing everything possible to improve productivity, making every effort to increase production and control consumption, and holding negotiations with the creditor nations on allowing Yugoslavia to delay its loan repayments.

More and more Yugoslav leaders and people in news circles have pointed out that strengthening unity between the LCY and federal republics and overcoming decentralism are of great importance to removing economic difficulties. Many people are of the opinion that a lack of national centralization and unification is the direct cause leading to the long-standing economic crisis. People in some federal republics and autonomous provinces only care for local interests to the neglect of overall interests. When discussing major issues, they frequently engage in endless disputes and each sticks to his own views; they either refuse to implement the central government's decisions or take only what they need from these decisions. This vicious tendency objectively constitutes an obstacle to reform and makes it difficult to resolve economic problems.

Many delegates to the LCY congress in May pointed out that the LCY needs more than ever before to persist in democratic centralism, and hoped that the congress would be a turning point for the LCY in eliminating differences and strengthening unity.

People expect that Yugoslavia will persist in democratic centralism and deepen reform under the unified leadership of the LCY. In this way, the country will certainly be able to surmount difficulties, alleviate the crisis, and develop the economy.

Tough Supervision of Party Members Urged
*HK2408010788 Beijing GUANGMING RIBAO
in Chinese 12 Aug 88 p 1*

[Report by Li Jiajie (2621 1367 2638): "Beijing Party Secretary Li Ximing Speaks at Organization Work Conference Convened by the Municipal Party Committee, Stressing the Need To Rule the Party With Toughness To Ensure the Smooth Progress of Reforms"]

[Text] Beijing, 11 Aug—Speaking today to more than 1,000 leading cadres, Li Ximing, secretary of the Beijing party municipal committee, asked: "Did any of our agencies, organizations, enterprises and units take part in the rampage to buy well-known wines and cigarettes in the stores?"

He went on: "I read in the newspapers yesterday that since the relaxation of price controls of well-known wines and cigarettes, large quantities were bought by some factories, mining companies and enterprises in some areas with the use of public funds. In certain places, almost all high-grade, well-known wines were bought out by organizations, seriously jeopardizing the normal transactions of the people."

He criticized this phenomenon sharply and said: "Agencies and organizations buy these wines and cigarettes because they want to use them as gifts in making contacts and to indulge in an extravagant display of wealth. How can the people not be indignant? If one cannot support the reforms in such matters concerning wines and cigarettes, how can one ensure the smooth progress of reforms?"

Hence, Li Ximing emphatically pointed out the need for toughness in ruling the party. He said: "When we talk about supervision today, some party committees will argue about its difficulty and display wariness. So much so that they were not able to stop something which could have clearly been stopped through supervision by party organizations."

Speaking at a conference on organization work convened by the municipal party committee, he said: "There are those who understand the question of the harmony between a cadre's competence and integrity and the development of productive forces. But they feign ignorance, putting large amounts of state and public money into their own pockets and engaging in activities harmful to productive forces."

He said: "Aside from these incidents, there are still many other abnormal ones initiated primarily by party member cadres. An example is 'government-connected speculators.' Actually, 'nongovernment-connected speculators' usually work in collusion with 'government-connected speculators' to carry out illegal profiteering activities and reap enormous profits."

Li Ximing said: "Years ago, Comrade Deng Xiaoping already stated that reform is a profound revolution. We did not have a deep understanding of this then. Now, it is apparent that Comrade Xiaoping was correct in his thesis. During this process of profound transformation, all party members should work with one heart and soul and unite to promote the reforms with full vigor. However, some party member cadres can not withstand the tests. Those who took the lead in violating laws and regulations and sank to corruption failed the tests." He stressed: "To ensure the smooth progress of reforms, it is necessary to rule the party with toughness, particularly by making strict demands on leading cadres who are also party members. They must set an example; the party organizations should play up their role as a powerful fighting force, and party members, that of a vanguard and a model."

He went on: "The reason is that reform is being carried out under the leadership of our party. As the ruling party, we should accept the tests of reform at the same time as we are guiding it."

Finally, he said: "To rule the party with toughness will require a lot of effort. As reform is being intensified, it is necessary to promote democracy, strengthen the legal system, perfect the system, and enhance transparency. This should be gradually realized in the process of building a new socialist commodity economic order."

Commentator Urges Sentencing Corrupt Official
*HK2408115888 Beijing RENMIN RIBAO in Chinese
17 Aug 88 p 1*

[Commentator's article: "Shouldn't Chen Lizhong Be Punished?"]

[Text] The scenic view that "many boats are sailing along the Zhujiang," which the inhabitants of Guangzhou City have longed for, has come to nothing. The question of whether Chen Lizhong, an official who neglected his duties in the South Sea Petroleum Oil Center, a Sino-foreign joint venture construction project, and brought serious losses to the state, should be punished has become a "controversy." As a result, even though this case was brought to the court and tried nearly a year ago, no sentence has been given. This case has aroused the people's indignation as well as induced the people to think deeply.

This project is a typical "project which is decided according to the will of the officials in charge." Each of the steps of the project, ranging from choosing contractors, testing pilings, to the construction of the underground waterproofing system, were all decided by Chen Lizhong. He ignored the local government's stipulations on tender bidding, and he did not listen to the correct opinions of the engineering and technical staff. He always said "I will be held fully accountable," and "If this project fails, I will jump into the Zhujiang." How could this practice of obstinately clinging to one's course

not result in great mistakes? However, as revealed, since Chen Lihong had not embezzled public funds, many people pleaded for mercy for him, exonerated him from the blame, and even defended him against this charge. People said such a practice "takes one's pocket as the demarcation line for judging everything." In fact, Article 187 of Chapter Eight, "The Crime of Dereliction of Duty," of the "Criminal Laws of the PRC" definitely stipulates: "For any state personnel who has neglected his duty and has caused serious damage to public property and the interests of the state and the people, he is to be sentenced to imprisonment for not more than 5 years or be retained for labor." Here, the line to differentiate between criminal and noncriminal cases is not the pocket of an individual, but public property and the interest of the state and the people. Owing to his dereliction of duty, Chen Lihong caused losses to the state totaling some \$3 million. Shouldn't he be punished?

The case of Chen Lihong's dereliction of duty was tried but no sentence has been given, and it is difficult to punish him. This situation has once again exposed the difficulty in enforcing law. Over the years, the NPC and its Standing Committee have formulated many laws and have done much work in perfecting the socialist legal system. It is not the case that we do not have laws. We do have laws to follow. People demand that our procuratorial organs and courts punish all criminals in accordance with the laws, and to resolutely remove all interference from outside. Before the law, no human feelings can be involved. We are hoping to see that the Guangzhou law enforcement departments will seriously settle the Chen Lihong case.

Poll Finds Reform Needed, CPC Policy Accepted
OW2408001388 Beijing XINHUA in English
1408 GMT 23 Aug 88

["People Give Nod to Party's Inference"—XINHUA headline]

[Text] Beijing, August 23 (XINHUA)—A public opinion poll shows that most of the Chinese accept the theory on the primary stage of socialism, the ECONOMIC DAILY reported today.

The theory was advanced at the Chinese Communist Party's 13th National Congress last year, which calls for concentrating on economic construction and reforms.

The poll was conducted in Shanxi Province. According to the ECONOMIC DAILY, 63.99 percent of the people who answered the questionnaire consider the theory realistic.

The poll was organized by the provincial party committee's Propaganda Department, and involved 10,000 people, mostly workers, party and government functionaries and intellectuals.

Some 64.58 percent of them support the notion that the basic criterion for judging a reform measure is whether it promotes the social productive forces or not.

Nearly 60 percent of the people demand reforms of China's political system, and another 40 percent say this is crucial as the current political system has too many defects.

The need to develop a commodity economy in China and improve the general moral standards through education has the support of 69.32 percent of the people.

Regulations on Discipline Inspection Outlined
OW2408054988 Beijing XINHUA Domestic Service
in Chinese 0720 GMT 23 Aug 88

["Regulations on Investigation of Cases by Discipline Inspection Organs of the Communist Party of China (on trial basis)"—XINHUA headline] txt
[Text] Beijing, 23 Aug (XINHUA)—Discipline Inspection Commission of the CPC Central Committee

Chapter 1. General Provisions

Article 1. To investigate cases that violate party discipline is work of a regular nature of the party's discipline inspection organs and the key link in strictly enforcing party discipline. It plays an important role in carrying out discipline inspection work. In order to correctly enforce party discipline, the regulations are hereby formulated in accordance with the relevant provisions of the party Constitution and in close connection with the actual situation of investigating cases.

Article 2. The task of investigating cases is to investigate cases involving party members and party organizations accused of seriously violating the party Constitution and party discipline so as to strictly enforce party discipline and ensure the implementation of the party's line, principles, and policies.

Article 3. In investigating cases, it is necessary to follow the principle of seeking truth from facts; to attach importance to evidence and conduct investigation and study; to draw conclusions based on facts; to take the party Constitution and party discipline as the criteria; and to ensure that all facts are clear so that the evidence is conclusive, that cases are accurately determined and properly handled, and that procedures for handling the case are complete.

Article 4. In investigating cases, it is essential to implement the guideline of learning from past mistakes to avoid future ones and curing the sickness to save the patient, and to achieve the goal of heightening the seriousness of party discipline and of educating individuals as well as the broad masses of party members.

Article 5. In investigating cases, it is imperative to rely on party organizations at all levels, follow the mass line, earnestly listen to the views of people of all walks of life, and closely coordinate with the relevant departments.

Article 6. In investigating cases, it is necessary to hold fast to the principle that all people are equal before the law. Party members and organizations that violate party discipline must be called to account.

Article 7. In investigating cases, it is essential to firmly protect party members' interests and the rights entrusted to them by the party Constitution, including those party members who are under investigation.

Article 8. In investigating cases, the work system under which each level is responsible for handling cases at its own level should be implemented.

Article 9. In investigating cases, it is imperative to implement the principle of separating party and government. Party discipline inspection organs should assume the responsibility of investigating cases that violate party discipline.

Chapter II. Filing a Case

Article 10. With the approval of the party secretary or Standing Committee of the general office (section or department) in charge of discipline inspection, a discipline inspection organ must make the preliminary verification and check the case involving any party member or party organization accused of seriously violating the party Constitution and party discipline. After verification, the offender or offenders should be educated and criticized if their offense or offenses is of a general nature. The case should be filed if facts show a violation of party discipline and disciplinary action is required.

Article 11. Party members or party organizations committing one of the following errors shall be put on file for investigation and prosecution:

1. To refuse to carry out the party's lines, principles, policies, and resolutions, and to openly stigmatize or negate the four cardinal principles;
2. To boycott and obstruct reform and opening to the outside world, causing damage to the interests of the state and the people;
3. To seriously abuse power for personal gains, thus infringing upon the interests of the state, the collectives, and the people;
4. To commit serious dereliction of duty as a result of bureaucratism, causing tremendous losses to the interests of the state and the people;

5. To violate party discipline by appointing people through nepotism or by promoting factionalism, thus sabotaging party unity;

6. To sabotage the party's democratic centralism by seriously infringing on party members' democratic rights, suppressing democracy, and engaging in retaliation;

7. To violate party propaganda discipline, causing tremendously adverse political consequences;

8. To frame others by intentional fabrication;

9. To reveal party and state secrets, causing serious consequences;

10. To seek fame and wealth through deception;

11. To violate discipline governing execution of foreign affairs, resulting in loss of state and individual dignity and causing damage to party and state interests;

12. To practice favoritism and fraud and to shield personnel who have seriously violated law and discipline;

13. To live extravagantly and to waste and freely squander money and materials of the state and the collectives;

14. To engage in morally degenerate behavior;

15. To engage in law-breaking behavior, such as corruption, bribery, extortion, speculation, cheating, and oppression of people, which, although not constituting a criminal act, is serious enough to warrant disciplinary action; and

16. To engage in other behavior that seriously violates party discipline.

Article 12. Investigation and filing of discipline violations by party members shall be made at various levels.

1. If a member of the CPC Central Committee is accused of violating party discipline, the Central Discipline Inspection Commission shall make a preliminary investigation of the violation and shall, in accordance with the provisions of the party Constitution, report it to the CPC Central Committee provided the violation is verified. With the approval of the CPC Central Committee, the violation will be put on file for investigation and prosecution.

If a member of the Central Advisory Commission is accused of violating party discipline, the Central Discipline Inspection Commission shall make a preliminary investigation of the violation and shall, in accordance with the provisions of the party Constitution, report it to

the CPC Central Committee provided the violation is verified. With the approval of the CPC Central Committee, the violation will be put on file for investigation and prosecution.

If a member of the Standing Committee of the Central Discipline Inspection Commission is accused of violating party discipline, the violation of discipline shall be reported to the CPC Central Committee provided it is verified after a preliminary investigation. With the approval of the CPC Central Committee, the violation will be put on file for investigation and prosecution. If other members of the Central Discipline Inspection Commission violate party discipline, the Standing Committee of the Central Discipline Inspection Commission will put the violation on file for investigation and prosecution.

2. If Standing Committee members of local party committees at various levels, or Standing Committee members of the Advisory Commission of either a province or an autonomous region or a municipality directly under the central government violate party discipline, the violation will be put on file for investigation and prosecution with the approval of the Discipline Inspection Commission or the party committee of the next higher authority. If other members of local party committees violate party discipline, their own party committee will put the violation on file for investigation and prosecution.

If members of local discipline inspection commissions at various levels violate party discipline, their own party committee or Discipline Inspection Commission will put the violation on file for investigation and prosecution. However, if the offender is a secretary, his violation will be put on file for investigation and prosecution with the approval of the Discipline Inspection Commission of the next higher authority.

3. If other cadres with party membership violate party discipline, the appropriate Discipline Inspection Commission will, in accordance with its jurisdiction, put the violation on file for investigation and prosecution. If there is no Discipline Inspection Commission to deal with the violation, the appropriate party committee will put the violation on file for investigation and prosecution.

4. If an ordinary party member violates party discipline, the grassroots party committee or Discipline Inspection Commission will put the violation on file for investigation and prosecution.

Article 13. If a party organization seriously violates party discipline and fails to correct its mistake, the Discipline Inspection Commission of the next higher authority shall report the violation to the party committee of the same level and shall, with the approval of the party committee, put the violation on file for investigation and prosecution.

Article 14. When necessary, discipline inspection organs at a higher level may directly investigate and prosecute major cases which fall within the jurisdiction of discipline inspection organs at lower levels.

Article 15. When ordered by a higher-level discipline inspection organ to file a case, lower-level discipline inspection organs shall comply accordingly.

Article 16. When handling cases which need to be placed on file for investigation and prosecution, the investigation departments (offices, sections) handling the case should submit a report on the case, together with data on the type of offense and on the results of preliminary investigation, to the Discipline Inspection Commission or a party committee of equal rank for examination and approval.

Article 17. When a discipline inspection organ and a party committee of equal rank differ on whether to investigate offending party members or party organizations, they should ask for instructions from a higher-level Discipline Inspection Commission.

Chapter III. Investigation

Article 18. In filing a case for investigation and prosecution, the unit handling the case, in general practice, should form an investigation team including the unit to which the person to be investigated belongs, the regional party organization, and other departments concerned.

If the person to be investigated is an ordinary party member, the unit that files the case may instruct the party organization of the unit to which the party member belongs to conduct the investigation.

Article 19. An investigation team should be familiar with the case, understand relevant policies and regulations dealing with the case, and formulate an investigation program. In general, it should keep the party organization of the unit to which the person to be investigated belongs informed of the situation, and the party organization should actively assist in the handling of the case.

Article 20. At the beginning of an investigation, the investigation team should, in general, talk to the person being investigated in the presence of his party organization in order to ask him to adopt a correct attitude toward the investigation. During the investigation, the investigation team should carefully listen to the accounts and opinions of the person being investigated and do a good job in ideological education.

Article 21. When an investigation team discovers that the party cadre being investigated has definitely committed a serious mistake and finds that the mistake has affected his work, and if the party cadre tries to obstruct the investigation, it may submit a report to the Discipline Inspection Commission, which will ask the party

organization concerned to take organizational measures, such as suspension from job position and dismissal, against the cadre in accordance with jurisdiction to administer cadres.

Article 22. Investigation evidence:

1. All facts that validate a case are evidence. Evidence includes material evidence, testimony by witnesses, accounts by the person being investigated, video and audio tapes, and appraisals.

2. Investigators are authorized to investigate units or individuals familiar with the case in order to get evidence. All party organizations and party members are obligated to honestly provide evidence. The number of investigators taking part in an investigation to obtain evidence shall not be less than two.

3. Investigators may collect evidence by questioning the party involved and the individuals who are familiar with the case and by examining the scene of the offense and reading relevant materials. They may also use the evidence provided by administrative and judicial organs.

4. In collecting material evidence, it is necessary to try to obtain the originals; when originals are not possible, investigators may photograph or reproduce the original materials, but a notation must be made on where the materials are kept and which units issued the materials.

In collecting testimony from witnesses, investigators should clearly explain their responsibility. Evidence from a witness on a case should be written in ink or with a Chinese writing brush. If a witness cannot write, he may ask someone to write for him. His evidence may also be written down by investigators during an investigative conversation, but the written evidence must be approved by the witness himself. All data of evidence must include the status of the witness and must be signed and sealed by the witness.

5. Evidence shall not be tampered with or destroyed. When a witness asks to make a partial or total revision of the evidence he has given, he should be permitted to do so if the reason for doing so is appropriate, but the original evidence shall not be returned to him.

6. It is necessary to distinguish between false and true evidence in order to prevent mistakes. Investigators should collect new or additional evidence if they discover that the original evidence is doubtful or ambiguous.

Article 23. Conclusive evidence is required to substantiate a mistake. A confession that cannot be substantiated or verified cannot be used to establish a mistake. When a person being investigated refuses to admit his mistake of which evidence is conclusive, the mistake can be established.

Article 24. An inspection team shall check established mistakes with the person being investigated. Reasonable opinions from the person being investigated should be accepted, and a supplementary investigation may be conducted when necessary; written explanations of unreasonable opinions should be given according to facts. The person being investigated should write comments and sign his name on the checked materials.

Article 25. When investigation and substantiation by an inspection team is basically completed, the team shall hold a collective discussion and write an investigation report. The basic content of such a report shall be: grounds for filing a case, major mistakes and their nature, the responsibilities of those involved, the attitudes of those investigated, and suggestions on how to handle the case.

Questions negated by investigation shall be clearly explained, and questions which are difficult to establish should be written down and reported realistically.

Opinions on an investigation report should be solicited from the party organization of the unit to which those investigated belong.

An investigation report shall be signed by the responsible person of the inspection team.

The discipline inspection office (department or section) handling the case and the party secretary or member of the Standing Committee of the party committee in charge of the discipline inspection office (department or section) shall examine the investigation report.

Article 26. When it is discovered in the course of investigation that the accuser has brought a false charge against someone or a witness has produced false evidence, it should be suggested that the organ concerned should thoroughly investigate him.

Article 27. Those handling cases, accusers, and witnesses should be protected. Those who bring false charges or retaliate against the above personnel shall be investigated.

Article 28. A case containing false accusations shall be reported for dismissal by a discipline inspection office (department or section) to the organ that approved the investigation of the case, and it shall be explained to those investigated and the party organization of the unit to which they belong.

Article 29. When a party member who has violated party discipline is discovered, in the course of investigation, to have also violated government discipline or criminal laws, it may be suggested that the concerned administrative or judicial organ deal with his case.

Chapter IV. Transfer of a Case for Hearing

Article 30. When the investigation of a case requires a decision on how to handle it or requires a conclusion to be made, it should be transferred to a case-hearing office (department or section). The case-hearing office (department or section) shall hear the case in accordance with the "Regulations on Hearing Cases by Party Discipline Inspection Organs."

Article 31. When an investigation report is checked and approved by a party secretary or a member of the Standing Committee of a party committee in charge of the case, the concerned discipline inspection office (department or section) should transfer the investigation report to a case-hearing office (department or section) along with the reasons for filing the case, evidence, and the written self-criticism by the person being investigated; a handing-over procedure shall be followed, and the case shall be finally placed on file in the case-hearing office (department or section). A case-hearing office (department or office) may assign personnel to hear a major, complicated case first if so recommended by the party secretary or member of the Standing Committee of the party committee in charge of the case.

While transferring a case to a case-hearing office, the inspection team should also send reproduced copies of the investigation report, major evidence, and the written self-criticism of the person being investigated to the party organization of the unit to which the person being investigated belongs; the party organization will decide on how to handle the case and, within the limits of its authority to punish party members, report the decision to a higher-level party organization for examination and approval.

Article 32. If supplementary evidence is needed in the course of hearing, the case-hearing office (department or section) may get such supplementary evidence through direct investigation, or the discipline inspection office (department or section) may provide the supplementary evidence.

Article 33. Among the party members who are subject to government disciplinary sanctions or criminal punishment, those requiring party disciplinary action shall be dealt with directly by the case-hearing office (department or section). In the course of hearing, materials relevant to the case shall be forwarded to the discipline inspection office (department or section) for comment. If supplementary evidence is needed, it shall be provided directly by the case-hearing office (department or section). If further investigation is required, it shall be conducted by the discipline inspection office (department or section) with the concurrence of the secretary or the member of the Standing Committee in charge of the discipline inspection office (department or section). The discipline inspection office (department or section) concerned shall be advised of the results of handling the case.

Chapter V. Requirements for Case-Handling Personnel

Article 34. Personnel handling cases shall abide by the following rules of discipline:

1. They are not allowed to use any method which is against the party Constitution or state laws, such as extorting or inducing confessions, or forcing the individual concerned to make confessions;
2. They are not allowed to use such judicial means as detention, summons, search, surveillance, and shadowing;
3. They are not allowed to release the names of accusers or witnesses, materials provided by an accuser, or evidence of the individual under investigation or irrelevant people;
4. They are not allowed to release information about the case to irrelevant people;
5. They are not allowed to engage in malpractice for the benefit of their relatives or friends, resort to deception, or deliberately exaggerate or reduce the seriousness of the case;
6. They are not allowed to accept articles of property or other kinds of favor from those under investigation or relatives of those under investigation; and
7. They are not allowed to involve innocent people in the case.

Article 35. A member of the team handling the case shall withdraw under any one of the following circumstances;

1. If he is a close relative of the person under investigation;
2. If he is the accuser or the main witness in the case;
3. If he, himself, or his close relative has an interest in the case; or
4. If he has another relationship with the case that may affect the just investigation and handling of the case.

The withdrawal of members of a team handling the case shall be decided by the party organization of the particular unit or by the organ filing the case.

Chapter VI. Supplementary Provisions

Article 36. Party members who are subject to administrative supervision and who have violated government as well as party discipline shall be dealt with according to the "Provisional Measures for Division of Work and Cooperation between the Party Discipline Inspection Organ and the State Administrative Supervisory Organ in Investigating and Handling Cases" established by the Central Discipline Inspection Commission and the Ministry of Supervision.

Article 37. These regulations are the rules for investigation of cases by the party's discipline inspection organs and must be strictly enforced by the party committees as well as Discipline Inspection Commissions at all levels.

Article 38. Discipline Inspection Commissions of various provinces, autonomous regions, and municipalities, the party work committee of organs under the CPC Central Committee, and the discipline inspection work committee of central state organs may formulate detailed work rules or specific provisions on the basis of these regulations and according to the conditions of their respective localities and departments. Such detailed work rules and specific provisions shall be reported to the Central Discipline Inspection Commission for the record.

Article 39. According to the guidelines contained in these regulations, separate regulations governing the investigation of cases by party discipline inspection organs in the Chinese PLA may be formulated and reported to the Central Military Commission for approval.

Article 40. The Central Discipline Inspection Commission shall be responsible for the interpretation and revision of these regulations.

'Syndrome' of Transition Period Discussed
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No 32, 8 Aug 88 pp 14-15

[Article by Rui Junli (5360 0689 0536): "Group Consultation About the 'Syndrome' of the Transition Period—Several Theoretical Workers's Analysis on the Current Society's Malpractices"]

[Text] During the last decade of reform, great changes have taken place in our country's economic, political, cultural, and other fields, and the consequent achievements have attracted world attention. Along with this, some problems have also cropped up, such as too drastic price hikes, unfairness in income distribution, some corrupt phenomena in party and government organizations, and confused and very bad practices in society at large. These problems are already dubbed the "syndrome" of the period of transition from the old structure to a new one. How should we approach these problems? What are the causes of them? How should we find solutions to them? With these questions in mind, this reporter recently interviewed research fellow Yang Baikui of the Political Science Institute under the Academy of Social Sciences of China, research fellow Luo Haigang of the Rural Policy Research Center of the CPC Central Committee, and surveyor and researcher Qin Xiaoying of the Propaganda Department of the CPC Central Committee.

Reporter: Some people argued: The above problems cropping up in the wake of reform are an indication that "The moral degeneration of the country is getting worse

day by day and public morals and mores are no longer what they were in the good old days." Why is the argument considered wrong?

Luo Haigang: The problems arising in the course of our advance in putting an end to the situation in which things stagnated precisely indicate that our new commodity economy lacks the guarantee of a sound order and that the reform has yet to be deepened, rather than indicating that the road to reform is impractical.

In the course of the old structure being replaced by a new one, the two structures coexist side by side in many aspects of the economy, such as distribution of materials inside and outside the state plan and negotiated and government prices in price control. Under these circumstances, power itself has its price or a close relation with prices. Out of their own intention to seek gain and to obtain an approval document on government-priced materials within the state plan, some companies and individuals unscrupulously bribe the persons in charge of the distribution of short-supply, sought after commodities, and some people who have certain powers at hand or special connections will have easy access to opportunities and conditions to seek private gains. Hence, an approval document or a piece of approval paper may carry a latent profit of tens of and hundreds of thousands and even tens of millions of yuan in price disparity. Overnight, these people can become men of enormous wealth. These loopholes cropping up in the course of substituting a new structure for the old one are the deep-lying roots of the current social corrupt phenomena.

Yang Baikui: Our reform was not conducted in an overall and coordinated way from the outset. This being the case, on the one hand, some aspects of the traditional structure are very likely undergoing a process of rapid change and on the other, many other aspects have not yet changed or are changing at a comparatively slow pace. This will disrupt the balance. For example, in the economic structure, prices have changed but the wage, financial, and tax systems remain unchanged; the structure of production has changed but the circulation system remains unchanged; and the microeconomic management system has changed but the macroeconomic management system remains unchanged. This incoordination in the structural changes may cause incoordination in the entire socioeconomic life and some confused and unfair phenomena.

Qin Xiaoying: When the macroeconomy has not yet been put under control, the invigoration of the microeconomy brings many problems. For example, due to structural reasons, the large and medium-sized enterprises managed by the state have not yet been activated while town and township enterprises are full of vigor by comparison. If this binary economic structure is not rationalized or changed rapidly, it will be difficult to strike an overall balance necessary for benign economic development. On the other hand, to compete with urban

industrial enterprises which enjoy the planned supplies in raw and semifinished materials, fuel, funds, technology, and qualified personnel, more often than not, town and township enterprises must very reluctantly endure the extortion of people at various levels who have the distribution power in their hands to develop themselves. This provides conditions and opportunities for the emergence of government corruption in many fields of endeavor.

Reporter: In the period when a new structure is being substituted for the old one, which frictions and malpractices are prone to surface?

Yang Baikui: The friction that most easily emerges is the change in the form of authority. According to a study of political science, in using power, only when government and other social departments adopt a certain form of authority can they convince people and make management and control effective. In a transition period, efforts should be made to transform the traditional authority, namely, the worship of individual moral integrity, ability, and contributions, into legal authority or authority based on various legal systems. During this transformation period, there will generally emerge incoordination and loss of a sound order and people will feel mentally strained, apprehensive, confused and at a loss as to what to do. Moreover, some countries underwent a premature conceptual change. The people, in particular the intellectuals, have a strong sense of participation, but the modernization of the democratic system and political structure is, in the final analysis, a process and it cannot keep pace with this demand for the time being. Hence, more often than not, friction will occur therefrom. Meanwhile, there will emerge the phenomenon of exchanging power for commodities or money. This is a deeper-lying cause of some government corruption.

Luo Haigang: Loss of checks and balances is also an important cause for the emergence of corruption. The old mechanisms of checks and balances were realized mainly through the forms, such as administrative orders and political education and when these forms proved ineffective, they were replaced by large-scale cleaning-up movements. This form of checks and balances was effective under the old structure but at present, it is no longer workable or just half workable. Its main manifestations are that confronted by the complex changes brought about by the reform and opening up to the outside world, the departments formally undertaking the checking and balancing tasks find it difficult to distinguish right from wrong and dare not work on their own initiative; some old forms of checks and balances were discontinued but new forms have not yet been instituted and perfected; and a considerable number of cadres doing work in this field lack knowledge about commodity economy and find it difficult to make a scientific analysis and a correct judgment in the face of complex phenomena. This provides an opportunity for the inroads of corruption.

Reporter: Which influences will the clash between new and old ideological and cultural concepts have on reform?

Yang Baikui: The common views formed under the old structure are bound to be smashed as the reform proceeds. Under these circumstances, the mixture of people's feeling for and reluctance to part from the traditional culture, concepts, and customs and their mental inadaptability to the new structure will form some confusion in the ideological and cultural concepts in the transition period and a certain mental pressure, thus hindering the reform to some extent.

Qin Xiaoying: As new ideological and cultural concepts are being substituted for the old ones, there is also confusion in people's concepts of value. For example, when judged with the productive forces criterion, a certain person can be a good man but when judged with the old ethical criterion, a good man can be considered a bad one and this is detrimental to bringing in people's creativity and spirit to conduct bold explorations into full play.

In developing countries, industrial development is more often than not achieved at the cost of educational undertakings being impaired by the market and commercialization. For example, the status of intellectuals is battered down; the publishing industry is languishing; the quality of spiritual products is poor; and culture and arts are developing lopsidedly. Not only have some spiritual products failed to meet the needs of the people's spiritual life but on the contrary, they have played a role in poisoning society's cultural environment.

Reporter: Would you like to talk about the subjective reasons for the emergence of social corrupt practices in the wake of reform?

Luo Haigang: Objectively, they are things associated with the transition from the closed society to an open one, from the natural economy to a commodity one, and from being underdeveloped to developed. Some developed countries in Europe took 100 to 200 years to achieve this structural change, but at the present time many underdeveloped countries became members of the ranks of developed countries in just several decades. As such, the old problems accompanying the transformation will unavoidably be magnified into numerous social malpractices.

However, this does not mean that subjectively we do not have any responsibility for the emergence of social malpractices. During the reform, our government departments have attended too many specific economic matters and consequently, their function of managing social public affairs, social order, and social welfare undertakings has been comparatively weakened. For example, in the last few years, some local government departments concentrated their main energy on such matters as striving for more investment and more

imports, distributing resources, handling economic disputes, and conducting protocol activities (referring mainly to accompanying guests to dinners) in economic exchanges and spent most of the little remaining energy coping with the various current complex problems of human relations, finding it difficult to perform their functions in managing other social affairs. Under these circumstances, social order in some localities is confused and criminal activities, such as murder, robbery, theft, and kidnapping and selling of human beings, are rampant. In addition, some problems that should have been solved in the initial stage of reform have been left unsolved, whose accumulated negative effect has very often led to the emergence and development of numerous new problems. Since the major policies pursued in the initial stage of reform lacked supporting measures, various single-item reforms have failed to produce desired results. The old structure that controls economic activities in this aspect has no longer worked while the new structure cannot effectively function. This being the case, the lack of mechanisms and the increase of neutrals in economic life have brought about many new problems. We have not yet reached a consensus on or made theoretical and policy preparations for the current major reforms. Hence, our reform measures have failed to keep abreast of the developments. All these are problems that could have been avoided or minimized through subjective efforts.

It must be noted that many problems have attracted the attention of the central authorities and measures are being taken to solve them. For example, clean government is encouraged; corruption and extravagance and waste are being combatted; unauthorized construction of office buildings, auditoriums, and hotels has been banned; companies of various kinds are being consolidated and the examination and approval of the establishment of new ones has been suspended; the issue of low pay and benefits for the intellectuals is being tackled; and pornographic publications are prohibited to protect the healthy growth of youngsters. All this shows the determination and confidence of the party and government in solving the problems.

Reporter: What countermeasures should be taken to minimize and thoroughly get rid of the "syndrome?"

Luo Haigang: To root out the transition period "syndrome," from a long-term point of view, we should deepen the reform, gradually establish a new socialist commodity economic order, and institute and perfect laws and regulations in such areas as industry, commerce, audit, and tax to stop loopholes institutionally. This will be a prolonged process.

From a short-term point of view, what is of vital importance is to seek a meeting point of short-term regulatory means and long-term development objectives. While expanding and strengthening the role of supervision by public opinion, we should effectively improve the quality of cadres in supervisory departments. The method to

be used is to encourage a large-scale exchange of cadres. In other words, large numbers of cadres in supervisory departments should be transferred to temper themselves in the forefront of economic work.

Yang Baikui: The key to curing the "syndrome" lies with the government. First, when making any policy decisions, the government should regard society's elements, such as the economy, politics, culture and human quality as an integral whole so that they can adapt themselves to one another and coordinate their changes in a unified and relatively stable structure. Second, when striving to achieve the objectives of reform, the government should take all problems into comprehensive consideration and work out a roughly clear and definite procedure for the implementation of various policy decisions, specific and general, so that changes in all aspects can be coordinated. Third, the government should give real play to its powerful managerial function. To put it another way, the government should forcefully impose legal and macroeconomic controls and crack down on illegal activities in accordance with the objectives, plans, and procedures.

Qin Xiaoying: Exercising state authority of a high level to social groups to ensure modernization will give rise to a social tendency of contradictions being directed upward. Therefore, it is necessary to conscientiously conduct consultations and dialogues between major social interests. Not only should a dialogue between superiors and subordinates be encouraged but a dialogue between units or individuals of equal rank should also be advocated. For example, dialogues between intellectuals and workers and peasants and between workers and peasants are now encouraged. Through dialogue, people at all levels can exchange information, understand more each other, eliminate contradictions, and forge ahead courageously hand in hand.

Li Peng Inspects Electric Power Plant 20 Aug
SK2408031888 Shenyang Liaoning Provincial
Service in Mandarin 2200 GMT 21 Aug 88

[Text] On 20 August, Comrade Li Peng attended a ceremony to mark the operation of the Huaneng Dalian Electric Power Plant and cut the ceremonial ribbon. He praised this plant's rapid construction speed and good methods and hoped that China's power construction units will study its experience and develop power undertakings with high speed, good quality, and low costs.

The Huaneng Dalian Electric Power Plant is a national key project approved by the State Council for the Seventh 5-Year Plan period and a new attempt to reform the power construction structure and to run power units by various levels and through various channels. It was built by the Huaneng International Electric Power Development Company with foreign funds and was jointly financed by Liaoning and Dalian. The total construction cost was 1.17 billion yuan and the designed capacity is 1.4 million kw. The construction of the first-phase project began in August 1986 and the task of building the

first 350,000-kw power generating unit and putting it into operation was fulfilled in a short span of 2 years, prefulfilling the plan by 6 months.

During his meeting with Iida Yotaro, president of Mitsubishi Industrial Corporation and Fujiwara Rchro [name as heard], president of the Power Supply Company of Japan, Comrade Li Peng thanked the Japanese side for its cooperation in China's electric power construction. He said: The Japanese side has provided knowledge for the construction of this power plant in terms of technology, equipment, and management. We are pleased with this. As far as China is concerned, the establishment of the Huaneng Dalian Electric Power Plant is an attempt to reform and open up. In the past, most of our power construction projects were invested in by the central government. This time, the investment structure has undergone great changes. The investment came from the central and local governments and from foreign loans. During construction, all partners provided highly effective cooperation. Facts show that like the work of other departments, our country's power construction undertakings can be accelerated only by persisting in reform, adopting the principle of running power units by various levels and through various channels, and opening up new avenues of power operation.

Li Peng said: It would have been impossible to have built the Huaneng Dalian Electric Power Plant at such a high speed without funds, full preparations from all quarters, including materials and technology, and scientific management in various links. He maintained that strict demands should also be set on construction quality. Otherwise, construction speed will be affected if accidents occur.

Li Peng said: After putting the power plant into production, we must rely on the efforts of the Chinese workers and managerial and technical personnel to maintain a long and safe economic operation. In addition, it is also hoped that the Japanese experts will also unceasingly provide support. He also hoped that Mr Suzuki, who is employed as director of the plant, will strictly manage the plant, fully exercise his powers, and manage the power plant with the international advanced management methods. The Chinese side will exert every effort to support his work.

Rui Xingwen Speaks to University Graduates
HK2408140888 Beijing GUANGMING RIBAO
in Chinese 11 Aug 88 p 3

[Speech delivered by Rui Xingwen on 24 June 1988: "Two Expectations for University Graduates—Speech at the 1988 Graduation Ceremony of the China People's University"]

[Text] I attend your graduation ceremony today in a dual capacity. On the one hand, I represent the Secretariat of the CPC Central Committee and, on the other, I am here as an alumnus, because this university is my alma mater.

The China People's University was officially founded in 1950, and I was a graduate from the first special class in plant management. Now more than 30 years have passed, but the scene of the school's opening ceremony remains fresh in my memory. I hereby congratulate you on your graduation, which serves as a milestone before you take up your working posts.

I did not intend to give a speech when I came here. But Comrade Baohua insists that I say a few words. So I will just talk about my two expectations for you.

First, I hope that everyone of you will integrate theory with practice and try to be a "complete intellectual."

I remember that Comrade Mao Zedong once said: A person who is equipped with knowledge from books but not from practice cannot be regarded as a "complete intellectual." To be sure, you have finished your studies in this university and are graduated today. But, I think, you have only completed the stage of book learning, and you are now entering another stage of study; in other words, you are now about to plunge into practice. Only when you have acquired knowledge from practice and won the community's recognition will you be a really useful person.

You are now in a very favorable period and a new period in the history of this country. This is a new period of construction and reform. Those who have studied the report delivered at the 13th National CPC Congress should remember a passage in the report which reads: If our Chinese nation and our country fail to develop through reform and construction, we will not be able to take our rightful place in the world. Then we will be liable to be wiped off the earth. The history of modern China is a history of a defeated China, a history which marked the loss of sovereign rights and was full of humiliations of the nation. A country which falls behind others for a long time will always be bullied. And the fundamental cause of this lies in the underdeveloped state of the country's productive forces. Our purpose in making revolution, overthrowing the old regime, establishing the new regime, and building socialism was to develop the productive forces, to reinvigorate our country and nation, and to regain China's place in the world.

The report delivered at the 13th National CPC Congress set three targets for development: The first step is to double our GNP and ensure a sufficient supply of food and clothing for the people. This target has been basically attained. The second step is to redouble our GNP by the turn of the century, so that the people will enjoy a well-to-do living standard and the per-capita annual income will increase to a level between \$800 and \$1,000. And the third step is to raise our per-capita GNP to a level comparable to that of a moderately developed country by the mid 21st century. Our country and nation will be still stronger when this last target is fulfilled. By that time, suppose our per-capita GNP is \$4,000. Then the country's GNP would be about \$6,000 billion. Such

a great task is more likely to be entrusted to you. So I hope you will bravely plunge into the practice of the four modernizations and reform, give full play to your talent, and undertake the important mission that history has entrusted to you.

Second, you should make a correct evaluation of the situation—that means, apart from others, the correct evaluation of those chaotic and negative phenomena that exist despite the good situation—and you should play a positive role in reform and construction.

Everyone of you is about to leave school to take up your own posts in different places. You are to be assigned to different areas of the country far apart from each other—Some of you are to work in economically more developed and richer areas which promise higher pay while the others in economically underdeveloped and poorer areas which promise lower pay. In those economically developed areas, since the masses are in a better mood and there are relatively few difficulties, work will possibly proceed more smoothly. In those economically underdeveloped areas, the working environment may not be good enough and there will be more difficulties. You will see many positive phenomena and, at the same time, some negative and corrupt things, especially after you leave school. We must be mentally prepared for this and adopt a correct and analytical attitude.

The general situation in the country currently is good. The national economy has been growing constantly and the market has been brisk in the past 10 years of reform. Our national power has grown rapidly, our national income has doubled, and the income of both urban and rural residents has doubled as well. Great progress has been made in the development of democracy, the legal system, education, the sciences, culture, public health, and physical culture. However, while our society is prospering, we are indeed faced with some chaos as well. In fact, this is a phenomenon in a period of great reform and the transition from the old to a new structure when the new order of the socialist commodity economy has not been established. All countries in the world have had such experiences in their own course of development. We must not be fussy and panic-stricken in the face of such a phenomenon. Instead, we must earnestly place the establishment of the new order of the socialist commodity economy on the agenda and make every effort to shorten this transitional process. We should have firm faith that the overwhelming majority of people ask for and are in favor of reform, and the party and government are capable of dealing with chaotic and negative phenomena and overcoming other difficulties step by step, and thus expediting the reform.

Dear fellow students, all areas, economically developed or underdeveloped, call on you to work there as they are still developing. Apart from correctly evaluating the situation, you must also pay attention to one point: Wherever you work, you must immerse yourselves among the local people and carry out your work in light

of the actual situation and local conditions under the leadership of local party organizations and governments. You must never do anything simply out of momentary enthusiasm regardless of the actual feasibility. You must not act as you please, thinking that you are far from the control of the authorities. I myself did commit mistakes of this nature. I hope you will heed my lesson.

To conclude, I would like to congratulate you once more on your graduation. I hope all of you will make outstanding contributions in your own posts and live up to your school's expectations.

Appraisal Work on Fleet Cadres Reformed
HK2208151288 Beijing RENMIN RIBAO in Chinese
17 Aug 88 p 1

[Report by reporter Cui Yaozhong (1508 5069 0022) and Yin Pinduan (1438 0756 4551): "Air Units of North China Sea Fleet Reform Work in Appraising Cadres"]

[Text] At a recent enlarged meeting of the party committee of the North China Sea Fleet, Bao Xihuan, secretary of the party committee of the air units of the North China Sea Fleet, commented on and appraised the specific achievements of party committees and high and middle-ranking cadres above regiment level by names on behalf of the Standing Committee of the party committee. The work of two party committees was severely criticized, and they are required to improve their work within a certain time. This caused a very great shock among the cadres above regiment and division levels.

In the past, the basic method adopted by the party committee of the North China Sea Fleet to appraise party committees of units above regiment level was: "To listen to reports in closed meetings and individually talk to units that had not performed appropriately"; and in the enlarged party committee meeting, the party committee of the North China Sea Fleet would only generally talk about how well "most of the units" or "a small number of the units" performed, and it would not point out the name of specific units and leaders. This practice not only exerted no pressure on party committees at all levels but also encouraged the bureaucratic style that "party committees would only be fearful of party committees above them but not fearful of those below them, and party committees tended to fool each other." Apart from these, the practice of reporting only the good news but not the bad adopted by some units, the practice of planting only flowers but no thorns, and other deceptive practices had also been encouraged.

At the beginning of this year, when the party committee of the North China Sea Fleet was studying ways to enhance and improve the leadership of the party and to strictly run the party, it determined to make the appraising of the achievements of party committees above regiment level and that of the leaders of divisions and regiments open. Through open assessment, the best and the worst will be differentiated, and hard-working units

will be rewarded while lazy units will be penalized. This practice will give a "sense of crises" to leaders of regiments and divisions that if they do not advance, they will be left behind, and the democratic consciousness that "they should care about units below them."

The method adopted by the party committee of the North China Sea Fleet to appraise party committees above regiment level can be divided into four steps: Leading cadres have to publicly report their work to the masses; cadres and soldiers will cast votes for party committee members in accordance with the grades excellent, good, fair, and poor; the party committee of the North China Sea Fleet will send work teams to investigate the moral character, ability, working attitude, and achievements of the leaders of divisions and regiments at each level; and the Standing Committee of the party committee of the North China Sea Fleet will comprehensively analyze and categorize party committees and their members at all levels, and then will openly appraise them. Before the open appraisal, party committees that have been appraised will first be notified of the results of the appraisal, and they will be allowed to give explanations and counter criticism regarding the questions concerned.

In appraising units, the party committee of the North China Sea Fleet did not artificially adorn advanced units; it did not adopt the practice of "using 1 outstanding unit to cover up 100 poor units"; and men of action who are not good with words were not affected by their "uninteresting" reports. A station is the advanced unit of basic-level construction of the whole army. However, in the appraisal, basic levels pointed out some latent problems regarding this station. On the basis of being approved by the party committee, this unit was publicly criticized.

The democratic nature of open appraisal has changed the concept of some leaders of regiments and divisions that "giving good impressions on higher levels is better than doing well"; and good units can see their deficiency while poor units can find a direction toward which they have to exert their effort. Therefore, all units are determined to change their work style in a down to earth manner and to grasp well the building up of themselves and basic-level construction. After being criticized, a party committee secretary did not have the appetite to eat, and he drafted a plan for improving the work of his party committee that night.

The turning of the practice of appraising cadres into an open one has also prompted the party committee of the North China Sea Fleet to enhance the building up of itself. Members of the party committee cannot, as they did before, assess the work of their subordinates according to impressions and sentiments and second hand material. Moreover, they cannot adopt the practice that it will make lower levels happy if they report good news, while making them sad if they report bad news. In early May, the Standing Committee of the party committee

separately led work teams to go deep among the troops and spent about a month comprehensively assessing party committees above regiment level one by one. They have successively conducted 345 dialogues with individuals, democratically commented on 490 people, checked 78 basic-level units, and collected some 20,000 pieces of opinions from various aspects. They have thus fully grasped first-hand materials. After sorting out the materials in a comprehensive way, and after repeated deliberation and analysis, the party committee of the North China Sea Fleet can reflect the real situation of the party committees that are subordinate to it in an all-round manner. Everyone was completely convinced by the criticism and praise put forward in the appraisal.

At the same time that the party committee of the North China Sea Fleet was investigating the party committees and leaders of regiments and divisions, it also mobilized everyone to assess itself and to give opinions. After the open appraisal, it mobilized all party members and cadres of the four main branches of the departments of the North China Sea Fleet to give opinions to the party committee. Up to now, some 200 opinions have been collected. The Standing Committee of the party committee is prepared to hold a meeting immediately to study these opinions, to seriously accept the masses' supervision, and to work hard to improve its style of work.

PLA Navy Emulates Officers, Men in Spratlys
HK2308101088 Beijing RENMIN RIBAO in Chinese
20 Aug 88 p 4

[Report by Zhang Zenan (1728 3419 0589): "Activities of Emulating the Spirit of Officers and Men in the Nanshas [Spratlys] Conducted in the PLA Navy"]

[Text] At present, the PLA Navy, from the departments directly under the naval authorities to all naval units, is unfolding activities emulating the officers and men building a survey station and carrying out patrol duties in the Nansha Islands.

Since last February, fearing neither the extremely hot weather nor the terrifying waves, the naval officers and men building the survey station and carrying out patrol duties in the Nanshas have overcome such difficulties as the solid geologic structure and adverse circumstances and succeeded in building an oceanographic survey station on the Yongshu Reef in the Nanshas. The spirit of patriotism, selfless dedication, courageous struggle, hard work in starting an undertaking, and fraternal unity that the officers and men have displayed in the course of building the survey station and carrying out patrol duties has been praised by the vast numbers of naval officers and men as the "Nansha spirit." Li Yaowen, political commissar of the Navy, has said that the "Nansha spirit" is a spiritual pillar in building a revolutionary, modern, and regular navy.

In this activity, the naval organizations have held a dozen or so report meetings, at which the comrades returning from the Nanshas were invited to speak of the deeds of the officers and men in the Nanshas. Several thousand people have listened to the reports and watched video tapes. RENMIN HAIJUN [PEOPLE'S NAVY] has given wide coverage to the deeds of the officers and men in the Nanshas. Some naval units have also broadcast the video tapes describing the fighting life of the officers and men in the Nanshas. With "Hearts Turned Toward the Nanshas" as a theme, the Navy's CYL members and youths have conducted various activities, such as writing letters to the comrades-in-arms in the Nanshas, sending them warm greetings, and entering into an emulation drive with them.

The activities of emulating the officers and men in the Nanshas have enhanced the sense of historical responsibility on the part of the Navy officers and men and promoted the building of the Navy. At the Dalian Naval Vessel Institute, the alma mater of Yang Zhiliang, who was cited for meritorious service, first class, following the naval battle on the Chigua Reef in the Nanshas, more than 180 graduating cadets have applied to go to Hainan to dedicate their youth to coastal defense. On 29 July, when rainstorms and floods hit eastern Zhejiang, the East China Sea Fleet immediately sent to the disaster-stricken areas seven special detachments to repair bridges and roads, to carry out diving, and to provide medical treatment.

Commentator on Rehabilitation of Handicapped
HK2308154688 Beijing RENMIN RIBAO in Chinese
17 Aug 88 p 4

[Commentator's article: "A Social Project of Rescue"]

[Text] In the next 5 years, 500,000 people blinded by cataracts will have their sight restored through operations; orthopedic surgery will also be carried out on 300,000 people suffering infantile paralysis; and some 30,000 deaf children will receive hearing and language training. These three rehabilitation plans with the character of rescue will not only bring substantial benefit to the handicapped and their relatives but also are of great significance to the entire society. So they need warm attention and great support from all circles in our society.

According to some surveys, there are 51.64 million handicapped people in our country. Among them, 3.47 million people are blinded by cataracts; 1.83 million people suffer from sequelae of infantile paralysis; and there are 740,000 deaf children below 7 years of age. These handicapped people have many difficulties in their school studies, seeking jobs, marriage, and participation in social activities. They ardently hope that the government and society will assist them and help them

overcome their handicapped conditions through rehabilitating operations so that they will be able to live independently in society and make contributions to society.

To develop the welfare undertakings for the handicapped in our country, we should give consideration to the actual national conditions, which are marked by a low level of productive forces and a large population, and we should also give consideration to both the immediate and long-term interests of the handicapped. Our principle is to seek actual results, make steady development, and lay a better foundation. Under the premise of not increasing financial appropriations, we will concentrate on solving the most urgent issues that affect a large number of people and that can achieve quick results. According to this idea, the Chinese Organization Committee on the UN Decade of the Handicapped formulated a "5-Year Work Program for the Handicapped Welfare Undertakings in China" and put forth the above three rehabilitation plans.

The rehabilitation work will help more than 800,000 handicapped people recover or basically recover from disabled conditions. So this is a social project with the character of rescue, and it is of great significance. In recent years, our country has made major progress in science and technology, and this has brought new hopes to the handicapped people. A great deal of fruitful work has been done. The blind prevention group of the Ministry of Public Health has carried out successful experimental operations to restore the sight of the sufferers of cataracts; the national association for studying infantile paralysis has successfully carried out a large number of surgical operations for the sufferers of infantile paralysis and published a many special works on this disease; the 15 hearing and language training centers for deaf children at and above the provincial level and many schools for deaf people have also accumulated a great deal of valuable experience and have trained many specialists in this field. Our experience shows that so long as we exercise effective leadership and seriously organize our work, we will be able to cure 800,000 people who are blinded by cataracts, those who suffer from the sequelae of infantile paralysis, and deaf children. It is hoped that our comrades engaged in the rehabilitation work will cherish the revolutionary humanitarianist spirit, and closely cooperate in their research and medical work. They should regularly sum up and spread successful experiences and improve their work. A system of rehabilitation for the handicapped should be gradually built in light of our national conditions.

Of course, there will be many difficulties in carrying out such a large-scale social project. For example, the state's financial resources are limited, and the number of hospital beds is insufficient. We should realize that helping the handicapped compatriots remove physical pain is our glorious task. By curing one handicapped person, we will not only help the patient but will also help his whole family and many relatives. So the rehabilitation of the

handicapped is an important issue that has a bearing on national development, social stability, and the further emancipation of the productive forces. It is hoped that party committees and governments at all levels and people in all circles in society will show concern for the rehabilitation of the handicapped, and will make contributions to the fulfillment of the three rehabilitation plans in good quality with the spirit of socialist humanitarianism and to the welfare undertakings for the handicapped people in our country.

Floods Damage Highways, Cause Big Losses

OW2408120388 Beijing XINHUA in English
1141 GMT 24 Aug 88

[Text] Beijing, August 24 (XINHUA)—Floods caused by heavy rains and a typhoon have severely damaged roads and highways, causing a total loss of over 428 million yuan, XINHUA learned today from the Ministry of Communications.

There has been heavy rain and a serious typhoon recently, resulting in damage to bridges, highways and roads. Statistics provided by the country's 24 provinces, municipalities, autonomous regions and major cities show that by August 22, a total of 1,301 bridges, 14,103 tunnels, 8,138-km roadbeds and 13,978-km of road pavements had been damaged. Also, a number of highway protection facilities were carried away.

Officials from the Ministry said that as severe rain will continue into September, more roads, highways and bridges are expected to be affected.

China's Ministry of Finance recently appropriated 26.5 million yuan to help rebuild the damaged communications facilities.

The Ministry officials noted that besides the natural elements, poor construction quality was an important factor in the damage to roads and highways.

Athletes Train Hard for Seoul Olympics

OW2408052388 Beijing XINHUA in English
0133 GMT 24 Aug 88

["Chinese Olympians Aim at Gold Medals—Tour of Chinese Training Camps" by sports writer Zhu Shida—XINHUA headline]

[Text] Beijing, August 24 (XINHUA)—Straightening out his four limbs in a sudden burst of force, he executed a perfect cross on the rings. All of a sudden, wild, near-crazy cheers, foot stampings, beatings of cans and whistles came from the arena of a gymnasium here. Li Ning, the Los Angeles Olympic gold medalist, remained totally undisturbed and continued to finish his six sets of routines in perfect ease.

This is part of the psychological training at China's training camps. Chinese coaches hoped to gear their elite athletes to the noise of a wild Olympic crowd in Seoul.

As it is 24 days away from the 24th Olympics, Chinese athletes are going through intensive final-stage training rigors in their quest for the coveted Olympic medals.

The gymnasium is alive with an Olympic pool of gold medal hopefuls as Wang Chongsheng is making a trajectory half body turn on the parallels. Just a few meters away, Lou Yun is flying in a tucked somersault on the vaulting horse. China's gymnasts such as Li Chunyang, Guo Linxian, and Xu Zhiqiang are there working hard to improve their routines practised time and again over the past 4 years.

Track and field athletes are training at a camp 150 km east of Beijing, sharp shooters, archers, and table tennis players in Dandong, a city bordering on the Korean peninsula, the divers in Jinan, east China's Shandong Province. Other sites include Weihai in Shandong, Kunming on the Yunnan Plateau 2,500 meters above the sea level, and Guangzhou, neighboring on Hong Kong.

According to a sports official here, half of the Chinese Olympians are training in Beijing while the other half are in some other parts of the country "in the light of the climatic conditions for each particular sport."

The diving team in Jinan, a city dubbed as a "furnace" with an average summer-time temperature well over 36 degrees C., are having 16 training classes for a full 7-day working week. The morning exercises for improvement of physique and basic skills alone take an hour and a half.

The head coach Xu Yiming made the training time identical with the Seoul Olympic competition schedule from 10 a.m. to 7 p.m. China's gold medal hopefuls Tan Liangde works through rigors to improve his walk on the springboard, Gao Min focuses her attention on starting jumps, and Chen Xiaodan on diving skills.

Mr. Xu used video cameras to catch the routines in fleeting 1.4 seconds in the air for a comparative study with such international stars as Greg Louganis of the United States and Georgiy Chogovadze and Elena Miroshina of the Soviet Union.

The table tennis players at a camp in Dandong are facing keen challenge from Yang Yong-cha and Hyun jung-hwa of South Korea and Mika Hoshino of Japan amidst wild cheers broadcast by loudspeakers. Players were selected all over the country to imitate the technical assets of China's most fierce international rivals—the terrific backhand smashes of Yang Yong-cha, the all-conquering loop drives of Andreze Grubba, and the aggressive forehand hits of Hyun Chung-hwa—to pit against the Chinese Olympians.

The coach of the Chinese women's team Zhang Xieli was not very sure of China's success at the Seoul games. "Some of our players are not very steady in technical performance. As there were few contacts in the last few years, they might find it difficult to cope with the Europeans." China's rivals include not only South Koreans, but also the Europeans who might make a historic breakthrough in China's "Great Wall of Table Tennis."

Intermediate and long-distance runners are running on the rolling, sandy courses in Xinglong County 1,800 m to 2,116 m above sea level, similar to conditions in Seoul. Li Quan from the northeasternmost Heilongjiang, a Chinese star in women's marathon, improved her climbing performance on a 6 km-long slope from 30 to 26.4 minutes. Her coach Wang Dexian said, "It will not be a fairy tale if she runs the distance within 2 hours and a half in Seoul."

China's marathoner Cai Shangyan, 26, who ran the distance in 2:11:58, finished his 10,000m trial in 29:40.5. His coach expected him to enter the quarterfinal in Seoul while his doctor Xia Weien believed he might finish well around 2 hours and 10 minutes. "It all depends on his pre-game physical conditions and the distribution of his physical strength," Dr. Xia said.

The head coach of the Chinese track and field team Hou Yongnian predicted that China might enter the quarterfinals in four to six events and hopefully gets an Olympic medal in women's shot-put or marathon.

Sports officials in the Chinese capital might be somewhat reserved on the country's gold medal prediction for the Seoul games but analysts here put it at about 10, most hopefully in table tennis, shooting, gymnastics, weightlifting, diving, women's volleyball, and swimming, which is to rank China somewhere around the eighth place in the Olympic team standings.

CCTV To Increase News Coverage During Olympics
OW2308124988 Beijing XINHUA in English
1159 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—China Central Television (CCTV) has worked out a detailed plan for covering the sports news and features during the 24th Summer Olympics in Seoul. The CCTV sports department announced here today CCTV will telecast a total of 184 hours (11 hours per day) through the first and second sets programmes during the Seoul Olympics from September 17 to October 2 to meet the demand of TV audiences.

The time for broadcasting is to be doubled compared with the Los Angeles Olympics four years ago.

The main characteristics for the reporting is to enhance live broadcasting, especially for those competitions with the participation of the Chinese athletes.

During the Olympics, 65 competitions will be beamed live and 35 telecast through tapes.

Editorial on Price, Wage Reform Plan
HK2408111088 Beijing RENMIN RIBAO in Chinese
24 Aug 88, p 1

[Editorial: Price and Wage Reforms Are Comprehensive and Penetrating Reforms]

[Text] A plan for price and wage reforms, to which the entire nation is paying close attention, has been approved in principle by the Political Bureau of the CPC Central Committee. Opinions on the plan are being solicited extensively from inside and outside the party and will be studied at a series of meetings to be held. A great battle to "tackle the most difficult problems," which is of extreme importance to China's reform, is being waged step-by-step and in a planned manner.

In reforming and developing the Chinese economy, a very difficult task of price reform has been placed on the agenda. We must endure the test of price reform, a task which we can neither sidestep nor procrastinate any longer.

Although some progress has been made in the past 10 years in reforming the long existing irrational pricing system, characterized by relatively low prices for raw and semifinished materials and farm and sideline products, reform has not brought about any fundamental change. New mechanisms for setting prices have not yet been established, while new price distortions have been seen in some areas. These have posed serious obstacles to deepening the reform and developing the economy.

The "double track" pricing system for capital goods, which played a positive role a few years ago, has become increasingly defective, causing all kinds of contradictions, frictions, and loopholes in economic life: It is the major source of decadent, corrupt practices.

Relatively big price increases in recent years have aroused universal concern and anxiety among the masses of people. However, we have failed to achieve due progress in straightening out the relationship among prices. If no initiative is taken to accelerate the reform, and the situation is allowed to continue, price reform will become even more difficult and ultimately cost us a dearer price.

At the same time, we should notice the favorable conditions for carrying out price reform. For example, the Chinese economy is developing vigorously, and following the 13th CPC National Congress, the people have achieved greater unity in understanding the basic direction of reform; the various material means owned by the state, if used appropriately, can provide plenty of room for maneuvering the steady implementation of reform measures; and so forth.

Through price reform, we want to gradually establish a rational pricing system and relatively complete market mechanisms capable of reflecting the value of products and the relationship between supply and demand, thereby gradually fulfilling the demand for "the state to regulate and control the market, and the market to guide enterprises." Only such a pricing system can help us utilize resources rationally, optimize the structure of production, and maintain a sustained growth of the national economy over a long period of time; it can also help orient the production of enterprises toward market demand and enable them to compete on an equal footing and raise economic efficiency; it can also straighten out the relationship among various economic sectors, promote the development of a market system, and gradually set up a new socialist commodity economic order. Therefore, price reform should not be understood simply as readjusting and lifting the control over prices; rather, it is a comprehensive and penetrating reform with the reform of prices as the main theme. As General Secretary Zhao Ziyang pointed out at a meeting with the president of Japan's KYODO NEWS SERVICE, Shinji Sakai, on 17 August, the next 5 years will be an extremely important historical period in which the old economic structure of China will be transformed into a new economic structure. He said: "China's comprehensive reform has now entered a period of tackling the most difficult problems."

Price reform involves the entire economic structure. By grasping the main theme of price regulation, we can promote the entire economic structural reform. However, the success of price reform hinges on supporting reform measures in various quarters.

In close conjunction with price reform, it is necessary to reform enterprises and adapt their operational mechanisms to price reform. At the root of price and wage reforms is the ability of enterprises to raise their economic efficiency in the course of reform. Reform will pose a severe test to all enterprises, large and medium-sized enterprises in particular. Along with price and wage reforms, enterprises that are contracted should adopt various means to accelerate the process of making their own management decisions and taking full responsibility for their own profits and losses; they should gradually set up dynamic and highly efficient mechanisms capable of withstanding the pressures of price and wage reforms and continuously develop themselves in fierce market competition.

Price reform requires the acceleration of market development and the quick formation of good market mechanisms. The orientation of price reform is to change fixed government prices into prices determined by the market for the vast majority of commodities. Prices that can really reflect the law of value and the relationship between supply and demand can only be set in a healthy market that is subject to macro adjustment and control. Without a healthy developed market, it would be very difficult to have reasonable prices. The so-called healthy developed market includes necessary material means,

normal place for transactions, effective information network, standard rules of conduct, competent professional work contingent, and so forth, while the central question is to form conditions for competition based on equality and to let production factors such as manpower, funds, and materials also enter into the market so that they may circulate reasonably. Such a market is not only fair in itself and capable of adjusting consumption but can also motivate production and bring about the continuous optimization of the production structure.

Price reform also requires the improvement and reform of macro adjustment and control. Formulating an economic development principle, handling the relationship between total supply and total demand, grasping the credit policy, applying the state's actual strength, and especially the question of how to use the reform of the wage and distribution systems to guarantee that the actual living standards of the vast majority of people are not lowered because of price reform, all these should be compatible with price reform.

Moreover, price reform is an intensive reform. This reform goes far beyond the scope of the arrangement to allow enterprises to keep some profits at their own disposal, the delegation of power to lower levels, and the general price adjustment. What it will touch is the foundation of the old system of the product economy, and what it will build is the framework for a new commodity economy system. It will change in varying degrees the old interests and power patterns. It will also change some of the standards for economic and political activities. The scope of its effects will cover not only the policymaking organs at all levels, various enterprises, and institutions but every family and even every individual as well. When commodities, which are a "natural equalizer" [tian ran di ping deng pai 1131 3544 4104 1627 4583 3175], enter into various corners of our society in an increasingly prominent manner with their heads up and chests out, they will not only hear acclamations and applause but will also meet with criticisms and curses. Social life would be very strange if viewed from old concepts and habits shaped on the basis of the product economy.

Exactly from this sense, we may say that price reform is not only a system engineering within the bounds of the economy but is also an immense social system engineering with political restructuring, reform through ideological and political work, and replacement of people's old ideas with new ones.

Only when we understand that price and wage reform is an integrated, intensive reform and comprehend its arduous and complicated nature as well as the favorable conditions for this reform, can we have sufficient mental preparation for and confidence in the task before us of "tackling the most difficult problems" and adopting the correct "battle" methods. In the course of this reform, our attention should not be focused merely on the changes in prices and wages. We must devote greater

attention to deepening reform at our own work posts. Those managing enterprises should speed up the reform of their enterprises. Those engaged in commerce should accelerate the development of the market. Those working in the financial field should study ways to cope with the price reform. Those doing ideological and political work should study how to ensure the smooth progress of reform.... At the same time, the efforts made by all sides should not be separated. The situation in which each does what he thinks is right should not be allowed. Instead, each should coordinate and cooperate with one another under a well-conceived plan.

That is to say, in this battle of "tackling the most difficult problems," our cadres and masses of all professions and trades are by no means the passive receivers of the effects of price changes. All should and can possibly become active participants in this great well-organized campaign. It is necessary for us to have a comprehensive understanding of the contents and essence of this price reform and thus become conscious fighters contributing our share during this important historical period of our country's reform.

Gearing Prices to Market Conditions Urged
HK2408042188 Beijing GUANGMING RIBAO
in Chinese 12 Aug 88 p 3

[Article by Zhao Lei (6392 4320) and Zhai Yinglong (5049 2019 7893): "Let Prices Go Back to the Market"]

[Text] The fundamental condition for the proper operation of prices is to improve the market system and market mechanism. Only when the power of making policy decisions on prices is returned, from the hands of state administrative departments to the market so that prices are determined on the basis of value in accordance with the relation between supply and demand, will it be possible to really straighten out the relations of prices.

The excessive rise of commodity prices in our country is characterized by a shortage of the charge-propelled [fei yong tui dong 6316 3938 2236 0520] type and the chief features are as follows: 1) The employment policy has resulted in large numbers of personnel who "are employed, but have no fixed posts"; 2) the irrational structure of the national economy has intensified the twist of prices; 3) the rapid expansion of economic growth targets and the need of investment has sharpened the contradiction between supply and demand; 4) the lack of independence and authority of the central bank has led to the runaway issuance of currency; 5) the irrational structure of international revenue and expenditure has sharpened the contradiction between supply and demand on the domestic market; 6) the lowering of the management level of enterprises and excessive irrational expenditure of various kinds have increased production costs; and 7) the numerous intermediate links in the field of circulation have increased the costs of circulation. All these problems have not surfaced from

the development of the commodity economy, but are the outcome of insufficient development of the commodity economy and an unsound market mechanism.

As far as its essence is concerned, "tightening up" is an administrative coercive means in an unsound market system and its character is "demanding uniformity in everything." The implementation of the "tightening up" policy often leads to tremendous fluctuations in the economy. The commodity prices may thus be stabilized, but a great price will be paid—economic recession. The "expansion" policy stimulates economic growth by means of issuing currency in a bid to finally alleviate price rises. However, China's economy is not characterized by relative excessive production, but by excessive demand. Further expansion is tantamount to pouring oil on a fire. The present price rise is a kind of punishment for our artificial price scissors of industrial and agricultural products and artificial raising and lowering of the prices of some products, divorcing them from their value, in the past decades. Therefore, at the moment a pressing matter is to further improve the market system and market mechanism, and on the basis of relaxing restrictions on all prices, all present price subsidies should be added to wages. To ensure the rational operation of prices in a good economic environment, we cannot just adopt a "tightening up" or "expansion" policy which will stifle the development and growth of the market.

The key link to improving the market mechanism is to reduce direct government control over the economy, and let enterprises and individuals become real entities with independent personality of the market. This demands cutting the "umbilical cord" that links state-run enterprises and the state, clearly defining property rights, and letting enterprises struggle in the storms of the market so that enterprises will not depend on the state but on the market and will strengthen their budgetary control. In this way, there will be competition on the market. In the course of competition, the quality of products will be improved and their quantity will be increased. This will also lower the production costs and stabilize prices. The reason is that in the course of fair competition, no one dares to raise prices at will, because such a move will deprive competitive power, giving rise to difficulties in management and even bankruptcy. Monopoly will strangle competition and stifle the market. To guard against monopoly of production, state-owned enterprises, collectives, and individuals should all be encouraged to take part in market competition as equal commodity producers and they should all abide by, and be protected by, the law. This will make market prices more rational and the distribution of resources should also be adjusted according to supply and demand to achieve optimal results so that the economy in our country will be put in the orbit of a benign cycle.

Article Views Control of 'Runaway' Inflation
HK2408044088 Beijing RENMIN RIBAO in Chinese
19 Aug 88 p 5

[Article by Hu Changnuan (5710 2490 2541) and Xin Junlin (6580 0971 2651): "How To Guard Against Runaway Inflation"]

[Text] China's price reforms consist of two things: One is the restructuring of the price management system, and the other is the reshaping of the price structure, and their mission is to build a price mechanism to rationalize the pricing structure. All this indicates that we should adopt a *laissez faire* policy in our price reforms.

Will the policy of letting the market decide prices give rise to runaway inflation? Judging from China's economic operations, this cannot be completely ruled out.

First, the accumulated irrationality of the industrial structure is considerable, and most enterprises in under-developed industries produce basic products. As basic products have small elasticity in demand as well as supply, supply cannot rapidly increase and demand cannot decrease with prices going up when the price is determined by the market. When supply falls short of demand, a steep price increase for basic products is inevitable, causing the same steep increase in the cost of follow-up manufactured goods and their prices. As a result, there will surely be a price spiral for all kinds of products.

Second, the accumulated extent to which inflation has been suppressed is also great. As China has kept strict control on prices in the past, a considerable demand has been confined to the circulation section, and quite a large portion of the demand had no matching supply. When we lift control of prices, the market is likely to be subjected to excessive impact by the said demand, resulting in an all-round price increase.

Third, since China's enterprises are still in the initial stage of pioneering, they have yet to form self-control over demand. If there is no restriction on price, the fluctuation of market price will have a strong appeal in demanding industrial investment, and this will possibly cause excessive investment; on the other hand, the existing income distribution system has formed a covert mechanism by which wages are linked to price, but at a time when the enterprise has yet to grow into an economic entity assuming exclusive responsibility for profits and losses, this will cause the growth rate of average wages to pick up much faster than that of production, resulting in excessive consumption.

Fourth, local governments at all levels crave speedy economic growth, and this will eventually lead to excessive growth of social total demand. If price restriction is removed, runaway inflation is likely to result.

Runaway inflation will have adverse effects on China's economic structural reform and economic growth. Prices for all kinds of products will go up in turn, the irrational price system will be difficult to rationalize and will die hard, the revaluation of assets will be more difficult, and asset management systems will be difficult to establish. The structure of extrabudgetary investment which is misled by the irrational pricing structure will be difficult to rationalize, and the rationalization of enterprises will be difficult. Reform of the wage system will become more difficult including adjustment of the wage level, the formation of a wage structure, and the building of a wage income compensation system. Bank deposits will sharply decrease and people will rush for goods everywhere. And so on.

How to guard against runaway inflation? The following may serve as a reference.

1. We can readjust control over extrabudgetary investment in two ways: One is to shift extrabudgetary funds to key projects initiated by the state by inviting local authorities and enterprises to invest as share holders; the other is to put a portion of the extrabudgetary funds at the state's disposal by issuing government bonds to local authorities and enterprises.

2. We should give proper guidance to collective and individual investors. The state may sell a part of state-owned property to collective and individual investors at a discount. Apart from stemming the excessive expansion of the total social investment volume, adjusting the ownership structure, improving the utilization ratio of assets, and increasing supply, this approach can also offer a solution to the state fiscal imbalance.

3. We should give appropriate outlets to demands for consumption. To avoid an excessive impact on the market caused by the pent-up demand for consumption, we can sell public premises controlled by the housing department to residents at a discount. To those who are unable to make lump-sum payment, we can allow them to pay by installments, in other words, we can collect partial payment due by deducting from their income following the transaction. In this way we can prevent the consumer market from undue impact of the pent-up consumer demand, and reduce the pressure on the consumer market exerted by future consumer demand.

4. We should consolidate and improve the contracted responsibility system, and establish mechanisms for constraining the demand of enterprises and for stimulating supply. Price fluctuation resulting from price reforms exerts a certain influence upon the contracted responsibility system which takes the form of fixed total profits. Therefore the existing contracted responsibility system based on fixed total profits should be gradually replaced with that based on an asset-income ratio, enabling enterprises to restrain their own demand and increase supply by restraining assets.

5. We should regulate the existing asset storage structure, which is unreasonable and has a restraining effect on the increase in supply, in the same way that transactions are made in the market. Any enterprise, no matter what economic sector it belongs to, should be given a free hand to dispose of its idle assets so as to improve the asset utilization ratio and increase supply.

Inflation, Investment Policy Options Viewed
HK2408024188 Beijing GUANGMING RIBAO
in Chinese 12 Aug 88 p 3

[Article by Song Yangyan (1345 7402 8827) and Wang Haidong (3769 3189 2639): "Inflation and Investment Policy Options"]

[Text] Investment Situation in Recent Years [subhead]

Since 1985, China's investment situation has taken on a good direction: First, the growth of investment decreased in a large magnitude; and it decreased from 38.7 percent in 1985 to 16.5 percent in 1987. Second, the investment structure has improved. In 1987, the investment of whole-people units in capital construction was 12.6 percent more than that in the preceeding year. Among which, the investment of energy departments, transportation, post and telecommunications departments, raw materials departments, and light industrial departments in 1987 was 25.5 percent, 7.9 percent, 31 percent, and 15.9 percent more than that of the preceeding year respectively. Third, investment returns also increased. In 1987, although the growth in investment slowed further, the growth in national income increased from the rate of 7.4 percent in the preceeding year to 9.3 percent.

The Influences of Investment on Price [subhead]

Although the growth of investment decreased in consecutive years, the general price level is still high and has not fallen. In view of the magnitude of the increase in the price of different categories of commodities, the main driving force leading to the inflation in 1987 came from the increase in the price of agricultural and sideline products. For other non-agricultural products, the magnitude of price increase in general was small.

Although the increase in the price of agricultural and sideline products is related to the expansion of aggregate demand, the relationship is not very strong. This is because a large part of agricultural and sideline products are daily necessities, and the demand of daily necessities is a rigid one—no matter how large the aggregate demand is, the demand of daily necessities should be satisfied first. The fundamental reason leading to the increase in the price of agricultural and sideline products is inadequate supply of these products; and the inadequate supply of agricultural and sideline products is an inevitable result of the tremendous decrease in agricultural investment, and the insufficiency of the reserved energy of agricultural production. From 1983 to 1986,

the growth in the investment of whole-people units in agriculture were -1.7 percent, 9.1 percent, -2.2 percent, and -8 percent respectively; and that of collective agricultural units were -35.9 percent, -13.1 percent, 28.5 percent, and -4.1 percent respectively.

Since the implementation of reform, we have placed the hope for increasing agricultural investment on the peasants. We intended to increase the income of peasants through increasing the price of agricultural and sideline products, so as to further increase peasants' investment in agriculture, and to form a benign cycle: increase in the price of agricultural and sideline products—increase in peasants' income—abundant supply of agricultural and sideline products. However, because the marginal return of agricultural investment is smaller than that of nonagricultural investment, an increase in peasant income brings an increase in nonagricultural investment and a decrease in agricultural investment. As a result, a vicious cycle is formed where an increase in the price of agricultural and sideline products increases peasants' income which decreases agricultural investment and leads to a tight supply of agricultural and sideline products. Obviously, this vicious cycle will inevitably promote the continual increase in the price of agricultural and sideline products, and will add fuel to the flame of inflation. From these we can understand that in solving the question of inadequate supply of agricultural and sideline products, we cannot completely rely on the increase of the price of agricultural and sideline products, and the government should adopt necessary measures, such as making supplementary investment in agriculture, and so on.

The situation of basic industry is similar to that of agriculture. The government should adopt various effective methods to make supplementary investment in basic industry, and so on.

The main reasons for the emergence of the above-mentioned situations are: Both agriculture and basic industry are departments that are constrained by resources. Other departments, such as the manufacturing industry, are departments constrained by demand. Departments constrained by resources are subject to the constraints of natural conditions, and the marginal return of investment in this industry is always diminishing. For departments constrained by demand, when they have sufficient market demand, the marginal return on investment will always increase at a progressive rate. Therefore, under market regulation, the amount of investment that flows into the departments constrained by resources will be less than that which flows into departments constrained by demand. The result is the inevitable disproportion between departments constrained by resources and departments constrained by demand. In order to maintain an appropriate proportion between these two types of departments, the government should readjust and intervene in the activities of spontaneous investment through definite investment policies.

Available Investment Policy Options [subhead]

First, the amount of budgetary investment should not be further cut. The reasons are: The amount of budgetary investment amounted to only 10 percent of the total investment in society, and the cut in budgetary investment cannot effectively reduce the scale of the total investment in society. Besides, budgetary investment has the important responsibility to concentrate funds on key construction. If the amount of budgetary investment is cut, the investment structure will be further worsened.

Second, for nonbudgetary investment, the principle of implementing structural regulation should be adopted as the main policy, and the principle of controlling the scale of these investments should be adopted as a supplementary one. We should make the best use of the situation and guide non-budgetary investment toward the realm of key construction. For instance, the measures of offering a favorable tax rate, and a favorable interest rate, the policy of allowing prices to be determined by market forces, and others can be adopted to stimulate nonbudgetary investment to flow into the realm of key construction. Besides, the form of issuing bonds can be used to attract part of the non-budgetary investment, and change them into government revenue and effective government input.

Third, investment in basic industry and infrastructural investment should be continuously increased.

Fourth, investment in agriculture and industry aiding agriculture should be increased. This mainly includes two methods: To increase the proportions of agricultural investment and the investment in the industry aiding agriculture in the budget, and to adopt various effective measures to guide non-budgetary investment.

Fifth, the pace of localization and socialization of public investment should be accelerated. Localization and socialization of public investment help lessen the burden on budgetary investment, so that more budgetary investment can be spent on key construction. The policies of streamlining administration and institute decentralization, and the financial responsibility system should be made use of, so as to gradually transfer the burden of public investment to local areas and society.

Sixth, the investment scale of the high-grade consumption goods industry should be limited. The main methods are: The power to evaluate and approve investment in the high-grade consumption goods industry should be concentrated; the interest of loans issued to this industry should be increased; a high profit tax rate should be levied on this industry; and so on. The fundamental way to control the investment scale of the high-grade consumption goods industry is to control the growth of consumption funds, in particular to strictly control the capacity of social groups to purchase high-grade consumption goods.

Paper Finds Market Rules, Regulations Needed HK2408021188 Beijing GUANGMING RIBAO in Chinese 6 Aug 88 p 3

[Article by Gu Peidong (7357 1014 2639): "Thought on Establishing Unified Market Rules and Regulations"]

[Text] Due to abnormal and sustained price increases of certain goods, frantic activities of those "profiteers" in the intermediate circulation links, and chaotic procedure of social distribution, people have fully realized that China has lacked unified market rules and regulations. Facts have and will further prove that whether China's social commodity economic market can healthily develop and eventually be established, whether the market can truly guide enterprises and give play to its regulating role, and whether the effects of microscopic reform can be fully reflected on market depends on the establishment of unified market rules and regulations. Confused Market Rules and Regulations Are the Main Defect in China's Economic Reality [subhead]

A transition from a distribution economy to exchange economy means an all-round change in socioeconomic relations. In this process, many of difficulties will inevitably occur. One of the most prominent problems in the current economic reality is the confused market rules and regulations. This has been reflected in the following aspects.

1. The double-track system has given rise to double standards for market assessment. Theoretically speaking, in the process of replacing the old operational mechanism with the new one, it is necessary to implement the double-track system within a certain scope so that we can macroscopically control the prices of certain products. However, the double-track system has logically given rise to the dual standards for setting the prices of products. There might be a state price and market price for the same kinds of products. Due to the fact that state prices are generally lower than market prices, reducing the amount of products whose prices are governed by state planning (products whose prices are set by the state), expanding the quantity of products whose prices are set by market, and striving to get the supply of goods provided in accordance with state planning are things respectively sought after by producers and sellers. What should be particularly mentioned is that in practice, price control over production units is stricter than that over intermediate circulation links. Therefore, those intermediate products or final products which have entered intermediate circulation links are very often sold at market price even though they were bought at state prices. Under such circumstances, the state price has failed to truly play to role of curbing price hikes. Most of the price differences have flown into pockets of certain persons in the intermediate circulation links.

2. Different production costs due to different identity of producers. Essentially speaking, the market mechanism ignores the identity of producers so that production costs

of each and every producer will be the same. However, in our country production costs of producers of different economic nature, namely state-operated producers, collective producers and private producers, might be different in form, or in reality in spite of the fact that they are carrying out the same kind of production activities. According to regulations, apart from paying profit tax and contributing money to the energy and communication funds, state-operated enterprises must help intermediate circulation links pay their tax. Collective enterprises enjoy a more preferential treatment than state-operated enterprises in terms of tax. Considering the actual income level of private operators, we know that a higher demand is set on them than on the state-operated and collective enterprises in terms of tax. The actual production costs of different producers differ greatly. State-operated enterprises have done a better job in paying tax to the state, and there is a more rigid control over their production costs. Due to the fact that a more flexible policy is implemented for collective enterprises, and that financial audit for them is not so strict, there is a greater possibility for them to evade tax, and to perform tricks in calculating production costs. As far as private enterprises are concerned, it is very common for them to evade tax. Their profits are generally greater than those state-operated and collective enterprises which are engaged in the same business activities.

3. Due to the monopoly of administrative companies, it is difficult to ensure a fair environment for market competition. Although there is no official cartel on China's market today, the situation of administrative companies monopolizing the sale of certain products is fairly serious. Those administrative and responsible institutions, which formerly monopolized certain kinds of products, have transferred their functions to their subsidiary companies. The previous method of distribution and allocation of products has been replaced by a business operational method based on profits. These companies have actually become the biggest wholesalers in the country. Furthermore, certain companies have monopolized the imports and exports of certain kinds of products. So, it is impossible for the producers of these products to have direct contact with foreign businessmen, let alone participate in international competition. In addition, the monopoly of administrative companies is also reflected in the fact that they buy products from production units at prices set by the state planning, but sell them at market prices. There is a hint of monopoly in their sale and purchase of products.

4. A forceful measure is lacking for dealing with the spread of fraud on market. Market rules and regulations are very often reflected in the measures aimed at dealing with fraud on market. In this sense, the fact that we have lacked a forceful measure for dealing with the spread of the fraud on market has shown our confused market rules and regulations from other aspect. In recent years, there are more and more cases of practicing fraud by making use of contracts, and passing off low-quality products as high-quality and famous-brand products.

The situation is getting increasingly serious. Only few evil doers are truly punished in accordance with law by the judicial organs. Such being the case, the fraud on market has been encouraged.

The above-mentioned situation has shown that to solve the problem of confused market rules and regulations has become a task of top priority in the development of China's economy.

The Development of Commodity Economy Needs Unified Market Rules and Regulations [subhead]

Since feudalism was defeated by capitalism, the commodity economy has been developing very rapidly. The basic reason for this is that capitalism has created a social prerequisite for the development of the commodity economy. This does not simply mean the extensive use of mechanized mass industry. What is more important is that this shows the establishment of the reasonable principle of equality and freedom, and unified market rules and regulations. It is impossible for socialism to skip the commodity economy. To develop the commodity economy under socialist conditions, we also need unified market rules and regulations.

1. Unified market rules and regulations are an important prerequisite for guiding enterprises to advance toward the market. Unlike the distribution economy, exchange economy is mainly characterized by its conscious march toward market arena, and its self-development on market. In practice, the market force which promotes enterprises to march toward the market is determined by to what level enterprises can display their creativity on the market, and by whether the value of the products manufactured by these enterprises can be assessed in a fair way by the market. This has demanded the existence of unified market rules and regulations. Unified market rules and regulations have created the following possibility: The product value of all enterprises is assessed by the same standard regardless of the scale, actual strength and nature of these enterprises. Therefore, it is only when unified market rules and regulations have been established that enterprises will become interested in market, and be attracted by market.

2. Unified market rules and regulations are a basic guarantee for the market to exercise its functions. In the operation of commodity economy, the importance of market functions is obvious. However, the market can play two kinds of role in guiding enterprises. In other words, the market can actively guide enterprises, or stimulate them in a negative way. The guidance of the market over enterprises is carried out through the establishment of different opportunity costs [ji hui cheng ben 2623 2585 2052 2609]. These opportunity costs will constrain enterprises, or even affect their decision on their own conducts. Whether the establishment of opportunity costs is reasonable will directly concern the result of market guide. According to this kind of reasoning, unified market rules and regulations are absolutely

important. Different market rules and regulations will give rise to different opportunity costs although market conducts are the same. Therefore, as far as the whole society is concerned, reasonable opportunity costs are determined by unified market rules and regulations. This is also the case with fair market competition. It is not difficult to find out that without unified market rules and regulations, it is impossible for the market to exercise its proper functions.

3. Unified market rules and regulations are a basic means for the government to effectively regulate the market. The will of government to regulate the market is reflected in the establishment of market rules and regulations. Actually, whether unified market rules and regulations can be established has also indirectly demonstrated the capability of the government in mastering and regulating the market. Unified market rules and regulations as a means for government to regulate the market are characterized by the following. 1) Universality. Unified market rules and regulations effect the entire market. This is also the case with the scope to which the government's market regulation is applied. Under unified market rules and regulations, the conduct of market operators are governed by government's regulation. 2) Authoritativeness. Unified market rules and regulations can never tolerate any improper conducts of operators, including government organs. Those who violate unified market rules and regulations must be held responsible for the legal consequences. Those operators cannot but regard them as a criterion. There is no doubt that market rules and regulations as a means for controlling and regulating the market are fully authoritative. 3) Scientific spirit. Unified market rules and regulations are identical and coordinated in terms of their own applicability and practicality on the market. Therefore, the enforcement of unified market rules and regulations will make government's control over the market more scientific.

Making Use of Legal Means To Establish and Safeguard Unified Market Rules and Regulations [subhead]

There is no doubt that under practical conditions in China, it is absolutely not an easy matter to establish unified market rules and regulations, because the establishment of these rules and regulations means the basic success in the reform of the entire market. What we should notice is the role of law in establishing and safeguarding market rules and regulations.

1. We should give full play to the role of civil law in regulating the market. Civil law is an important law in the commodity economy, and the key content of market rules and regulations. Therefore, establishing and safeguarding unified market rules and regulations should be kept in line with the enhancement of the role of civil law in regulating the market. 1) We should broaden the scope to which civil law is applied in terms of market regulation. On the one hand, we should gradually reduce the scope of mandatory planning, and broaden the scope to which civil law is applied. On the other hand, in the

course of implementing mandatory planning, we should gradually integrate it with civil law, and extensively link the contract system with mandatory planning, so that mandatory planning will reflect the desires of the two contracting parties. 2) In market transactions, the principle of civil law characterized by exchange of equal value, compensation, equality and voluntary participation should be fully and truly reflected. Strictly speaking, double-track price system, monopolized administrative companies, and so on, run counter to the basic principle of civil law characterized by exchange of equal value, competition, equality and voluntary participation. 3) We should strengthen the binding force of civil law. The binding force of civil law is an important aspect demonstrating the force of market rules and regulations. We should enhance the binding force of civil law so that our market rules and regulations will play their greater positive role. Therefore, we should give full play to the role of civil law in market regulation, and strengthen its binding force for market conduct.

2. We should strengthen and improve market legislation. It is absolutely necessary for China to establish and improve its market legislative system in order to effectively standardize its markets (gui huan shi chang 6016 5400 1579 1034). At present, the main problems existing in market legislation are: Our standardized system is incomplete and fragmentary, and many items, which should be regulated, have not yet been regulated. The contents of standardization are comparatively outmoded, in which there is a marked trace of product economy. The effectiveness of standardization is not obvious. It is difficult to determine the items which should, and can be standardized. Therefore, we should strengthen market legislation and work out a plan for establishing a market legislative system. At present, we should start doing the following legislative work. 1) On the basis of separating profits from tax, we should establish a unified tax system, and set a rational tax rate. In the meantime, we should enact a basic law of tax on which various specific tax laws are based. 2) We should formulate laws and regulations for the administration of commodity prices. We should define the method for setting prices, the competence and procedure for the administration and supervision over prices. 3) We should formulate a law aimed at banning illegal competition, monopoly of business by certain departments, fraudulent advertisements and propaganda, unfair sales commission, illegal agents, and so on. 4) We should speed up the work of formulating the law aimed at protecting consumers to truly protect their interests. 5) We should define again the description of the crime of speculation in our criminal law, and add the "crime of market fraud" to the crimes of undermining socialist economic order.

3. We should strictly enforce law on the market. The effectiveness of market rules and regulations is demonstrated through the strict enforcement of law. Our main attention must be focused on the establishment and perfection of the market supervisory system, so that any

acts which violate market rules and regulations will always be placed under the supervision of administrative organs. We should improve our procedural system, and expand the application of judicial means to more cases involving market disputes. We should develop the contingent of law enforcers on market. In particular, we should attach importance to providing our law enforcers with more knowledge on law and policies, and to increasing their ideological quality so that honesty and justice will become the basic characteristics of our contingent of law enforcers on market.

Tangshan Bank Praised for Prudent Loans

HK2408034188 Beijing RENMIN RIBAO in Chinese
18 Aug 88 p 1

[Report by Fei Weiwei (6316 0251 0251): "Tangshan Branch of Agricultural Bank of China Refuses To Grant Loans to a Number of Projects Which Should Not Have Been Approved"]

[Text] The Central Branch of the Agricultural Bank in Tangshan City persevered in issuing loans according to the law of value. Since the beginning of last year, this bank has turned down 155 loan applications which involved a total amount of 100 million yuan. Most of these proposed loans were related to the so-called "face projects" and "slip projects" which were approved personally by some departmental leaders who wrote an "approval slip" to "save face" in violation of the established regulations. The number of loan applications accounted for more than one-fifth of all loan applications in this period.

Most of the enterprises which obtained financial support from the Tangshan Branch of the Agricultural Bank in recent years have achieved rather good economic returns, but a small number of enterprises incurred losses and even went bankrupt. Early last year, the bank made an investigation and discovered that the projects which did not achieve good economic results were mostly "slip projects" or "face projects." So the bank decided that all loan applications must be jointly appraised by the city or county scientific and technological commission, the department in charge of the enterprises, and the departments concerned in society, and only after they agree with the feasibility of the loan projects can the loans be granted.

In the first half of last year, an electronic organ plant in Fengrun County planned to join hands with a company in Shenzhen to produce radio-recorders, and asked the agricultural bank for a loan of 10 million yuan. Most principal leaders of Tangshan City agreed with and supported this project. They wrote letters and made telephone calls to the agricultural bank, or even gave face-to-face instructions to the bank's leaders, asking the bank to grant the loan. However, the bank did not blindly followed these instructions from the superior leaders. Through investigating the conditions of the Shenzhen company and surveying the market, the bank

reached a scientific conclusion and this also helped the leaders change their minds. They accepted the opinion of the agricultural bank and canceled that project.

Luanxian County did not have sufficient financial resources, but it planned to build a cement plant which required an investment of 20 million yuan. The county's principal leaders talked with the agricultural bank's leaders many times in order to seek a loan from the bank. However, the bank found that the project was not economically feasible, and advised the county to cancel the plan to build such a plant.

The bank did not make decisions just for saving face for the superior leaders, and did not blindly follow the "instruction slips;" instead, it based its loan decisions on scientific assessments and strict appraisal. This prevented the state funds from being lost, and also ensured the rise in the bank's economic returns year after year. In the first half of this year, the accumulated amount of loans made by this bank increased by 47.8 percent as compared with the amount in the same period of last year, and reached 2.185 billion yuan.

Commentary on Bank's 'Courage'

HK2408040588 Beijing RENMIN RIBAO in Chinese
18 Aug 88 p 1

[Commentator's Article: "Commendable Courage"]

[Text] The Central Branch of the Agricultural Bank in Tangshan persisted in basing their loan decisions on scientific assessment, and turned down loan applications approved by some local leaders for some "face projects" and "slip projects" that were proved economically infeasible, thus preventing a large amount of state funds from being lost and wasted. Their practice should be affirmed, and their courage is commendable.

The party central leadership and the State Council have repeatedly warned and instructed that leading cadres must act strictly in light of the law of value and should not recklessly write a slip to approve investment projects, and the subordinate units should not blindly follow the incorrect instructions just to save face for the superiors. However, "slip projects" and "face projects" still appear frequently in various localities, and cannot be completely checked. Why so? Among other reasons, there were two main reasons: First, some leading cadres ignored the central instructions; second, the subordinate functional departments and units lacked the courage to reject the erroneous opinions of those leading comrades.

Some leading comrades, including incumbent leaders and retired leaders who are still influential, are used to exercising their personal power and influence. They think that so long as they do not seek private gains, they can write slips to approve some projects and instruct the functional departments to support these projects, as the subordinate departments will certainly give consideration to their powerful status and prestige. In fact,

whether a construction project should and can be started is not an issue that can be determined by a person's wishful thinking; instead, the feasibility of this project must be assessed by all parties concerned. It is quite easy for a leader to write an instruction slip, to circle a document, or to make a telephone call, but such action may cause serious consequences. In some cases, a large-scale project was approved by an ambitious leader without making scientific assessment, and such a project just caused heavy losses to the state. The more "face projects" and "slip projects" there are, the more problems will appear in our economic development. There is no lack of such negative things in our experience.

For the frequent appearance of "face projects" and "slip projects," people who issued the instruction slips and exerted their personal influence should certainly bear main responsibility. However, the subordinate functional departments and units should also be blamed, because they did not reject the erroneous opinions of the superior leaders. Some of them were used to the role of obeying the upper leaders. For them, it was most reliable and convenient to follow the leaders' instructions. They feared that if they raised different opinions, they might just bring about trouble for themselves and might even become of the target of retaliation if their relations with the relevant leaders become sour. So, for the leaders, the key is to renew their ideas and accustom themselves to acting according to the law of value in the course of reform and opening up. For the functional departments and units, they must strengthen the sense of social responsibility and always place the state interests before everything else. They should not merely consider their personal gains and losses, but should be more confident and courageous to reject the wrong opinions of the upper leaders.

Of course, it is not enough if one merely has courage to reject the "slip projects" and "face projects," and one must also have scientific foundation. In this aspect, the practice of the Tangshan Branch of Agriculture Bank is really commendable. When the city leaders supported a plan to build a factory, they drew a scientific conclusion through market investigations and economic assessments and helped the city leaders change their minds. Finally, the city leaders were willing to cancel the unfeasible project. The Tangshan Agricultural Bank provided successful experience for us.

At present, we may still hear about all kinds of "slip projects" and "face projects" in various localities. In order to change this state of affairs, the comrades in all relevant functional departments and units are required to learn from the Tangshan Agricultural Bank. If they reach a scientific conclusion through assessment and have the courage to firmly reject the wrong opinions, will the "face projects" and "slip projects" continue to exist?

Trade Official on Use of Foreign Loans
OW2308140388 Beijing XINHUA in English
1201 GMT 23 Aug 88

[Text] Shenyang, August 23 (XINHUA)—China will not change its policy of using foreign government loans to accelerate its own construction, a senior trade official has reaffirmed.

According to Shen Jueren, vice-minister of foreign economic relations and trade, use of foreign government loans is part of the national effort to expanding China's foreign economic and technological cooperation.

Shen was speaking at the first national meeting on the use of foreign government loans held last week in Dandong City, Liaoning Province.

China has got 10 billion U.S. dollars in government loans over the past decade, with which it has imported a variety of badly needed technology, equipment and raw material and started many projects in transport and telecommunications.

In the future, Shen said, the stress will be placed on improving the management of the funds in foreign loans.

"We will see to it that all contracts are honored," he said.

Commentator Urges Tapping Enterprises' Potentials
HK2408130688 Beijing RENMIN RIBAO in Chinese
22 Aug 88 p 1

[Commentator's article: "Release the Latent Capacity of State-Operated Enterprises"]

[Text] A state-operated factory that suffered losses in consecutive years and was on the brink of bankruptcy was contracted to a peasant entrepreneur. In only 6 months, the factory was brought back to life. It has now become a vigorous enterprise making profits.

This is simply a miracle!

What was the magic power that enabled Wu Yancheng to change completely the Mudanjiang Boiler Factory? He has simply introduced the managerial method of township and town enterprises into the state-operated enterprise. Today, this newspaper publishes a report by JINGJI CANKAO and carries Comrades Zhao Ziyang's talk with Comrade Wu Yancheng and others. We have been profoundly enlightened by this.

We have been running our state-operated enterprises for several decades. It is inappropriate to say that these enterprises have achieved nothing. On the contrary, we should say that have made great achievements. They have created a great wealth and accumulated a great sum of funds for the state. They have also trained a large number of talented personnel. However, there is no

denying the fact that there are many great defects in these enterprises. With the expansion of their scale of production and the complication of their administrative structure, their bureaucratic work style has become more and more serious. Some of these enterprises are too cumbersome to be effective. Their low working efficiency and colossal waste have truly scared us. Some foreign experts who have visited our state-operated enterprises have been shocked by their advanced facilities. They have been equally shocked by their backward management. They believe that as long as China can introduce advanced foreign management method into the country, its state-operated enterprises will increase their efficiency by several tenths, or even several fold.

Our comrades have also profoundly realized these defects in the state-operated enterprises. However, it is very difficult to correct them. It is more painful than pulling out one's heart to reduce the scale of production one has expanded, to demolish the temple one has built, and to destroy the Buddha one has molded. Now, it is good that our peasant entrepreneurs can help us carry out the surgical operation. This operation has been conducted very well. It has brought vigor and benefit to our state-operated enterprises.

From this successful surgical operation, we have discerned the great latent capacity of our state-operated enterprises. The Mudanjiang Boiler Factory was an enterprise on the brink of bankruptcy. Since the managerial methods of township and town enterprises were introduced into it, it radiates with the vigor of youth. With the deepening of reform, the state has created external conditions of open management and of assuming sole responsibility for profits and losses for enterprises. As long as they can improve their managerial mechanisms, numerous state-operated enterprises in our country, large- and medium-sized enterprises in particular, will fully release their latent capacity. This is precisely our important task when we are entering a period of all-round reform and of assaulting fortified positions.

Share System Urged for Large Enterprises
OW2308154888 Beijing XINHUA in English
0613 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—The share system is imperative for large Chinese enterprises, 60 Chinese entrepreneurs, financiers and theoreticians agreed at an ongoing symposium in Shenyang, capital of Liaoning Province.

They reached the consensus after studying the experiments in share issuing in Shenyang and Shanghai. These systems have produced better economic returns, helped to channel consumer funds into production and restricted governmental interference of enterprises, they said.

Li Guixian, state councillor and governor of the People's Bank of China, said the share system is an effective way to promote optimum distribution of social resources, improve management of state-owned properties, invigorate enterprises and deepen the reform of the financial system.

Quoting Karl Marx, Zhao Xiyou, president of the Jinbei Automobile Company Ltd, said, "Shareholding is not a patent of capitalism."

The specialists suggested that experiments be first carried out in some machinery and electronics enterprises.

The symposium on the big enterprise share system and securities market was jointly sponsored by units including the Management Science Institute of the Ministry of Machinery and Electronics Industries.

'Roundup' of Symposium on Enterprise Reform
HK2408073788 Beijing RENMIN RIBAO in Chinese
19 Aug 88 p 5

["Academic Trends" column by Yuan Xucheng (5913 4872 4453): "A Roundup of the Symposium on China's Enterprise Reform and Development"]

[Text] Jointly sponsored by the Guangxi Soft Science Consultant Company, SHIJIE JINGJI DAOBAO, the Guangxi Association of Young Workers in Social Sciences, and other units, the symposium on "China's Enterprise Reform and Development" was recently held in Guangxi. The participants held a heated discussion on various issues, such as the current economic situation, price reform, and enterprise reform.

1. How To Approach the Contract System [subhead]

Some comrades held that, under present conditions, it is impossible to institute the share system in an all-round way and that the contracted management system is probably more in keeping with China's national conditions. Moreover, the contract system is not merely a question of operational methods. Containing the growing points of many new structures, it represents great progress over the exclusive decentralization of power and concessions in profit-making of the past: 1) It has promoted the contract relationship of the commodity economy and granted decisionmaking power to enterprises by replacing the relationship of administrative subordination between the state and enterprises with one of contract. 2) It has strengthened the driving mechanism so that enterprises have the anticipated objectives, the struggle objectives, and the impulse to achieve self-development, thus strengthening the potential for further development. Some comrades even held that, under the present conditions, the contract system is the most effective way to arouse the enthusiasm of enterprises. 3) It enables the enterprises to be the personified representatives of their interests. Before the property relationship

is fundamentally changed, the personification of interests can only be achieved through the contract system because this is an effective way to remedy the phenomenon in which the state cannot administer the enterprises; the plant directors are partly responsible for, and the workers and office staff are not responsible for, the enterprises. 4) It has introduced the competition mechanism (especially in contracting through public bidding). 5) It has cultivated and trained the entrepreneur stratum, thus creating conditions for the separation of entrepreneurs from administrative officials. Some comrades held that the contracted responsibility system is only a transitional method to stimulate the separation of the functions of government and enterprises and the separation of ownership from the power of operations, and that it does not have the widespread and lasting significance of a reform because it is divorced from the universal law governing the market economy. Given the market economy, with changing prices and relatively fixed tax rates, the changing prices tend to optimize the distribution of resources and the relatively fixed tax rates ensure equal opportunity and fair competition. Contrary to this however, under the contract system, prices are rigid, with most prices being fixed by the state, and the tax rates are flexible, with the profit and tax of the contracted enterprises fixed one by one. Thus, it will be difficult to achieve optimized distribution of resources through price signals. There may even appear such phenomena as whipping a flying ox, protecting the backward, idling away essential production factors, and distorting prices.

2. In Conducting Enterprise Reform We Must Overcome the Obstructions of Traditional Culture [subhead]

Some comrades pointed out, an important reason for the great difficulty in conducting enterprise reform in China is that the cultural environment of enterprises is incompatible with the enterprise system of the modern market. For example, in terms of price orientation, the enterprises under the market system take the attainment of maximum profits as their objective, while the enterprises under the traditional administrative coordination attach the greatest importance to the objective of the higher authorities; in terms of assessing the main bodies, the former are the market and consumers, while the latter are administrative officials; and in terms of the relationship between operators and direct producers, the former have equal opportunities and carry out the principle of "from each according to its ability," while the latter get entangled in the abstract debate of "whether they are masters or public servants" and use concepts in political life to discuss economic problems. The confrontation between the above-mentioned cultural concepts shows that China's enterprises have not been able to extricate themselves from the traditional political concepts. Therefore, an indispensable link in deepening enterprise reform is to remove the traditional cultural obstacles and to enhance the consciousness of the commodity economy.

Labor Minister on 'Surplus' Labor Problem OW2408001088 Beijing XINHUA in English 1417 GMT 23 Aug 88

["China Promotes Rational Mobility of Labor Force"—XINHUA headline]

[Text] Beijing, August 23 (XINHUA)—The Chinese Minister of Labor Luo Gan said here today that China will further develop socialist job markets, broaden the scope of employment and promote rational mobility of labor force while withdrawing those surplus workers and staff in enterprises from their working posts.

Addressing the representatives from the trade unions in 16 Asian, African, European and American countries at a symposium on trade union role in development and employment in Beijing, the minister said that 10 to 20 million workers will be surplus from their present job with the improvement of labor productivity in enterprises.

"This is a new problem in close relation to the development of enterprises, workers' interest and stability in society," Luo said. "We are making efforts to explore solutions to this problem."

First, he said, the surplus workers and staff will either be assigned other proper jobs within their enterprises or handled under a job-waiting system which will be carried out in enterprises while technical training is greatly strengthened.

Second, the minister said: "We shall positively develop and build up socialist job markets, improve the function of the society in the adjustment of labor force, and progressively let the society digest surplus labor force from enterprises and help them change to other proper occupations through job markets."

A Ministry of Labor survey of 44 job markets in Beijing, Xian, Shenyang and Guiyang showed more than one million individuals have found suitable jobs at the markets over the past three years. Of them 560,000, or 52 percent were surplus rural laborers who have since found jobs in urban areas.

As the third step, Luo said: "We shall introduce mechanism of competition in the field of employment while further broadening the scope of employment and promote rational mobility and utilization of labor force."

Referring to the Chinese policies of employment in the past ten years, the minister said: "In urban areas, we have changed the old practice of unified job-assignment system by the state and adopted a combined way of job-creation by joint efforts of the state, collectives and individuals in the principle of combining introduction for jobs by labor departments, voluntary organization into a collective and self-employment."

He said that in the period from 1979 to 1987, 70 million jobs are provided to young people.

In rural areas, he said: "We helped farmers to run township enterprises, establish rural towns and gradually shift surplus agricultural labor force into non-agricultural sectors."

To the end of 1987, 80 million laborers have been employed in township enterprises throughout the country, he added.

Looking into the future, Luo said: "Millions of people will join the labor force annually from now on, and a large number of labor force will become surplus in rural areas with the introduction of scale operation of farming at certain degree."

Anyway, "We will tackle this problem by effective measures we have taken in the past," the minister said.

Millions Forced To Seek New Employment
HK2408013888 Beijing CHINA DAILY in English
24 Aug 88 p 1

[By staff reporter Gao Jinan]

[Text] About 10 to 20 million workers will become surplus to requirements in their present jobs as productivity improves in Chinese enterprises, a senior official said yesterday.

"This is a new problem. We are making efforts to tackle it," said Luo Gan, Minister of Labour.

He outlined three possible solutions.

First, these workers could simply be reassigned to other jobs within their enterprises.

The second solution would involve the development of the labour market and improved technical training so these surplus workers could be assigned new jobs outside their enterprises.

The third solution would encourage these surplus workers to compete for employment and so move naturally into whatever jobs were best suited to their abilities.

Luo made these remarks during the International Symposium on Trade Union's Role in Employment and Development.

The symposium, the largest of its kind ever held in the country, opened yesterday in Beijing. Participants at the three-day seminar are from 16 countries and regions. It is sponsored by the All-China Federation of Trade Unions.

Ni Zhifu, chairman of the federation, said at the seminar that Chinese trade unions are voluntary mass organizations, representing and safeguarding the workers' rights and interests.

The promotion of economic development and employment have become immediate demands of all workers and trade unions, Ni said, adding that to make progress in this area, international cooperation is needed.

In the vast rural areas, township enterprises had employed 80 million people by the end of 1987. This represents a great shift of surplus agricultural labourers into non-agricultural industries, he said.

But, he added, millions of people will join the labour force every year in towns and cities. And a large number of labourers will become surplus to requirements in the rural areas with the introduction of large-scale farming operations.

At present, about 2 percent of the country's labour force are still waiting for jobs.

Technological Exports Experience Big Jump in 1987
OW2408091288 Beijing XINHUA in English
0650 GMT 24 Aug 88

[Text] Beijing, August 24 (XINHUA)—China's technological exports last year were worth 160 million U.S. dollars, triple the volume of the previous seven years, a spokesman of the Ministry of Foreign Economic Relations and Trade said today.

Exports for the first half of this year were worth almost 80 million U.S. dollars.

The exports covered electronics, machinery, textiles, chemicals, transportation, metallurgy, astronautics, computers, pharmaceuticals and agriculture.

Some exports included equipment, labor and new products.

To boost the exports, a technological fair will be held in Shenzhen in south China's Guangdong Province this October. About 3,400 items of new technology and products will be shown at the fair sponsored by the Ministry, the State Science and Technology Commission and Shenzhen City.

Investigation of Rural Areas in Five Provinces

Latent Crisis in Agriculture

HK2308123588 Beijing NONGMIN RIBAO in Chinese
11 Aug 88 pp 1, 2

[Article "specially written for NONGMIN RIBAO" by XINHUA reporters Guo Xianwen (6753 3759 2429), Huang Yanglue (7806 2254 3970), and Yi Kailin (2496 0481 2651): "Investigation of Rural Areas in Five Central and Southern Provinces and Regions—Part 1: The Latent Crisis Behind the Growth in Rural Economic Strength"]

[Text] [Editor's note] The second step of rural reforms is

the main subject discussed by rural cadres at various levels in recent years. What is the main objective of the second step of the rural reforms? Where should the reforms make breakthroughs? People hold various opinions on these questions. Although leading organs at all levels are talking about deepening the second step of rural reforms, in fact, the reforms are not advancing smoothly.

As the reform objective and key points are vague, the current main contradictions in the rural areas cannot be effectively solved in good time and the peasants' enthusiasm cannot be protected. As a result, the production of some farm products, especially grain, has become stagnant, and agriculture, as the foundation for the entire national economy, has been weakened.

The current conditions in the rural areas cause worry and concern. This prompts people to think and make explorations. In order to present a clear picture of the current conditions in the countryside, this newspaper will, beginning today, publish a series of investigative reports written by XINHUA reporters after they made investigations in five central and southern provinces and regions. The investigation reports hit home on the current failings. All readers who are concerned about the rural reforms and agricultural production may discover something from these reports. [end editor's note]

In recent years, with the development of secondary and tertiary industries in the countryside, rural economic strength as a whole has been greatly increased. This is a major achievement of the second step of the rural reforms. However, behind the continuing growth in the rural comprehensive economic indicators, some crisis factors have also appeared and become increasingly serious. Although some of them are still latent crisis factors, we must pay close attention to them.

In a particular area, the average growth rate of various industries may conceal a continuing fall and recession in the primary industries and in the comparable benefit gained from the production of grain and other major farm products. This is more obvious in the economically more developed areas. In Guangdong Province, whose economic development is the fastest in the whole country, the gross income of rural secondary and tertiary industries has increased at an average rate of 30 percent each year since 1981, and last year's growth rate reached 46.6 percent. The per capita income in the countryside increased by an average of 43 yuan per year more than the average annual income during the period of the Sixth 5-Year Plan, and the annual per capita income increased by 51 yuan and 98 yuan respectively in 1986 and 1987. In agriculture, the production of fruit, aquatic products, poultry, and vegetables also increased vigorously. However, the production of such major products as grain, sugar-bearing crops, and silk has continuously decreased. In the last 4 years, the area of land sown to grain crops has decreased by 10 million mu, and the gross output of grain has decreased by 2.5 billion jin. In 1986 and 1987,

the output of sugar cane decreased by 13 percent and 17 percent respectively. The raising of silkworms used to be a flourishing traditional industry in the Zhu Jiang Delta, but this trade has almost completely vanished there.

In order to stabilize grain production, Guangdong Province has adopted some strict administrative measures in recent years, and some localities with financial resources have even granted heavy subsidies to grain producers. In some townships and villages, peasants can receive 200 to 300 yuan in subsidies for planting 1 mu of grain crops. Such heavy subsidies exceed the income from the products. This has played a positive role in stabilizing the area of land being sown to grain crops, but it has not fundamentally aroused the peasants' enthusiasm for planting grain crops, and grain production, as a basic industry, still lacks internal vigor. As described by the comrades in the agricultural commission of Nanhai County, they now ensure grain production mainly by "urging, threatening, and exerting pressure on" the peasants; while the peasants also rely on three things in their grain production: chemical fertilizer, extensive operation, and hiring farm-hands. Some peasants grow grain crops just because they want to receive sizable subsidies. If they cannot fulfill the grain purchase contracts they just pay a certain cash compensation. These phenomena reflect the predicament and crisis that all developed rural areas are facing.

The average growth rate of the rural economy in various localities has concealed the crisis signals given by the main producing areas through the reduction in the economic returns of the production of grain, cotton, and oil. While making investigations in the Zhu Jiang Delta, these reporters discovered a serious recession in grain, sugar, and silk production, but the secondary and tertiary industries have developed substantially and the production of fruits, fish, and vegetables has increased the peasants' income. The output value of grain, sugar, and silkworm cocoons accounts for only 10 percent of the total rural output value, and the reduction in grain, sugar, and silkworm cocoon output does not cause peasants to have a sense of crisis. However, things in Hunan and Hubei, which are major grain-, cotton-, and oil-producing areas, are quite different.

The cadres of the Hubei Provincial Agricultural Department told these reporters of their difficult position: In recent years, the authorities at various levels in the whole province have spared no effort to ensure and promote grain production, and the peasants also have braved great difficulties in producing and selling grain. The gross grain output of this province has increased every year since 1984, when the country's grain output reached an all-time high. However, the agricultural output value and peasants' incomes in this province have fallen to lower and lower places in the country. The rural per capita income of Hubei ranked 8th in the whole country in 1985, and fell to 13th place in 1987. Last year, the rural per capita income increased by only 15 yuan over that in 1986, and the real income in fact decreased, if the

price rise factor is deducted. In Hunan, Hubei, and Henan, which are all major grain- and oil-producing provinces, the cash income of the peasants and the funds for developing rural industries still come mainly from the sales of grain, cotton, and edible oils. The decrease in the returns from the production of such major farm products has also directly affected the development of the township and town enterprises in these provinces. For example, the original conditions for developing rural industry and sideline occupations in Hubei Province were not bad, but in recent years, township and town enterprises in this province have developed rather slowly. Last year, the net per capita income for township and town enterprises in Hubei was equivalent to only half the national average. In view of this situation, an agricultural economist in Hubei said: Now, it is stressed that "grain is the foundation of the foundation" and people are required to increase grain output; however, in reality, those who produce more grain will become poorer and incur more losses. The policies now seriously go against the objective. How can this arouse the initiative of the localities and the peasants for increasing grain production? If this state of affairs continues, the consequences will be unimaginable.

In the investigations in Hunan and Hubei, these reporters found that the production of such major farm products as grain, cotton, and oil-bearing crops, especially the production of grain, were prevented from decreasing sharply mainly by administrative intervention. Various localities laid down quotas for areas of land sown to grain crops, cotton, and oil-bearing crops, and the purchase quotas for these products, as compulsory tasks for the lower levels and a major assessment item for cadres at various levels. They must ensure the fulfillment of these quotas, otherwise they will be penalized. However, as the peasants are now gradually increasing their conception of commodity production, such administrative measures are becoming more and more ineffective. These reporters met with many grass-roots cadres in the Dongting Hu grain-producing zone, and they poured out endless grievances about things in this regard. They said that as they are now bearing the "dead" tasks and have to urge the peasants to plant and harvest grain crops twice a year, they feel that their workloads are many times heavier than before the "overall contract system" was adopted. Even so it is harder and harder to fulfilled the planned targets assigned by the higher authorities.

The peasants in the major grain-producing areas were strongly discontented with the fact the authorities did not put into practice the reform measures and policies and merely spoke of them in words rather than pursuing them in deeds. Central Document No 1 in 1985 clearly pointed out that the quota purchase system would be reformed; the prices of farm products would be gradually decontrolled; and mandatory production plans would be not be laid down. However, these reform measures were not truly put into practice, and the old systems were restored after the reform measures had been implemented for a short time. So far, such major farm products as grain, cotton, and oil-bearing crops are still under

the rigid control of the state. Some products, such as silkworm cocoons and timber, are still solely purchased and priced by the relevant state department, although their prices have been decontrolled in name. The prices of major farm products are still rigidly controlled, but the prices of various agricultural production materials have been decontrolled first. The prices of farm products are artificially kept at a very low level, but the prices of agricultural production materials have been rising to an unlimited extent. The peasants are being exploited, and it is hard for them to realize their dream of becoming well-off. They more and more obviously distrust the government and nurse a mood of defiance. As they are required to guarantee grain production, they simply plant fewer grain crops and carry out extensive operation, or even try to "evade" the production quotas. If administrative measures are adopted to purchase grain from the peasants, they may mingle sand or mud with the paddy when they sell it to the government grain departments. Some people said that the consciousness of the masses is now even lower than before. Comrades who are familiar with rural conditions did not think so. They said that the peasants were not merely trying to increase the weight of the paddy they sold, they were also expressing their resentment by doing this.

These reporters asked some provincial and city leaders in charge of rural work their opinions on the current rural conditions and hidden perils. They generally felt worried about the prospects for agriculture. A new vice governor of Henan Province in charge of agriculture said: "This year, we made greater efforts to promote grain production than in any previous year, but the area of land sown to grain crops and the input of productive factors to grain production still decreased. The provincial governors and county magistrates were unable to stop this trend. Why? Because the law of value is now playing a role." He added with anxiety that the foundations of agriculture, like those of a house, are now sinking. If people still do not perceive and care about this, it will become too late to repair and rebuild the house after it caves in and collapses.

At present, the silent defiance and passive attitude have not attracted sufficient attention from the authorities concerned. In China, with 800 million peasants, the direct consequences of this "silent defiance" are decreased production, lower farm land fertility, and a standstill in the development of productive forces. If trouble appears in agriculture, especially in grain production, the entire reform process and social stability will certainly be affected. We should say that the latent crisis in agriculture is the most noticeable unstable factor in our society at present.

Interest Structure Criticized

HK2408140188 Beijing NONGMIN RIBAO
in Chinese 12 Aug 88 p 2

[Article "specially written for NONGMIN RIBAO" by XINHUA reporters Guo Xianwen (6753 3759 2429), Huang Yanglue (7806 2254 3970), and Yi Kailin (2496 0481 2651): "Investigation of Rural Areas in Five Central and Southern Provinces and Regions—Part 2: "The Crisis of Agricultural Production Lies in the Aggravation of the Contradiction Between the Peasants' Demand for

Exchange of Equal Values and the Old Urban-Rural Interest Structure"]

[Text] There are all sorts of contradictions in the rural areas today. What is the main contradiction? During our visits to five provinces and regions in central and southern China, these reporters discovered that contradictions in the rural areas focus on this point: The seriously biased old interest structure between the urban and rural areas that took shape under the product economy is becoming increasingly unsuited to the peasants' demand for exchange of equal values. This is the cause of the crisis in agricultural production and is also the biggest difficulty in the second step of rural reform.

Bulk agricultural products are rigidly controlled, their prices are too low, and the price disparities between industrial and agricultural products are becoming irrational. These are the problems that have aroused strong repercussions among the peasants. As the peasants in Hunan remarked, of the 10 bulk agricultural and sideline products—grain, cotton, oil-bearing crops, silkworms, tobacco, timber, flax, domestic animals, marine products, and fruit—only the prices of marine products, fruit, and domestic animals have been relaxed; whereas the prices of the remaining products are rigidly controlled or controlled in a disguised form. Take grain as an example. Seemingly, it is good that grain is purchased by contract. But actually the production target set by a contract is even more rigid than that set under state monopoly. A shortfall of not even 1 jin of grain is allowed, even when there are natural calamities; if you cannot deliver any grain, you have to pay an amount for price disparities. It has been stipulated that surplus grain can be sold freely after the fulfillment of the state procurement task, but in fact the task is raised at each level, in addition to grain departments requiring the peasants to sell at "guidance prices" the grain that should be sold at negotiated prices. As a result, the peasants scarcely have surplus grain to sell on the market. Last year Hunan Province registered a total grain output of 52 billion jin, of which the state purchased a little over 10 billion jin and the peasants themselves consumed about 40 billion jin, leaving only a small portion of 1 billion jin or so, accounting for about 3 percent of the total. So the peasants said: "What 'double track'? It is actually a 'single track.' You cannot enliven it even if you wish."

It appears that control over the prices of some products has been relaxed, but in fact these products are still monopolized by state commercial departments, which have all the say in matters of prices. Some Guangxi and Hunan peasants said: It has been 3 years since the central government announced that timber markets in collective forestry zones in southern China should be run in an open way, but timber companies are still monopolizing the timber business. A peasant gets only about 200 yuan per cubic meter of timber he sells to a timber company. But the company nets a profit of 500 to 600 yuan through one resale. The local government is aware that the peasants are suffering losses, but they agree to this

practice because local finances can increase through it. So the peasants can only look on in despair. Some provincial and city leaders in charge of agricultural production pointed out bluntly: The central government says it is terrible that the prices of agricultural production materials have risen, and newspapers also say so. But no specific measure has been taken so far. However, after the national silk corporation held a meeting and the national tobacco corporation submitted a report, the State Council immediately issued a document withdrawing the product management power that had been delegated to the lower levels. Why? Because the interests of the government are not directly linked to those of the peasants, but are intertwined with those of the corporations. This is the reason why departments can always effectively interfere in government action.

What lies behind the "rigid" control over prices is state exploitation of the peasants in order to subsidize urban consumption and ensure the rapid development of urban industry and service trades. Statistics compiled by Yueyang, a key grain production city in Hunan Province, suggest: The agricultural tax annually delivered to the state by the peasants of the city totals 35 million yuan, and the profit the state gratuitously gains from the peasants through grain purchase price disparities is about twice the agricultural tax. This sum of money does not directly manifest itself in state revenues but is gratuitously transformed into consumption funds for urban consumers and into a part of the profits of industrial and commercial enterprises, through circulation and processing links.

While the prices of bulk agricultural products are rigidly controlled, the prices of the peasants' production materials and of their means of livelihood keep soaring. A sample survey conducted by the Hunan Provincial Statistical Bureau among 3,700 peasant households in 37 counties indicates: Last year the purchase prices of agricultural products rose by 10.2 percent and the per capita income of the peasants increased by 27.34 yuan; the prices of agricultural production materials rose by 14.6 percent, whereas the per capita spending of the peasants increased by 14.83 yuan; and the basic means of livelihood rose by 8.8 percent, whereas the per capita spending of the peasants increased by 22.93 yuan. A comparison between their income and expenditure shows that each peasant's spending increased by 10.2 yuan. Peasants in many parts of the province complained: In recent years urban people have kept on airing strong views on the increases in the prices of agricultural and industrial products, and as a result they are now provided with all sorts of subsidies, ranging from 10 to dozens of yuan; but no one gives us a single cent; instead some people are trying to dig something out of us. This policy is quite unreasonable.

The rises and falls in the prices of bulk agricultural products have caused the peasants much confusion and worry. The Hunan Provincial Agricultural Commission revealed: Since 1984 there have been rises and falls in the

prices of rabbit hair, tea, ramie, and silkworms in the province. The rises and falls in the price of ramie have produced widespread repercussions. In 1986 the price of ramie in the province rose from between 3 and 4 yuan to between 7 and 8 yuan per jin as a result of many departments rushing to purchase ramie. Under such circumstances many peasants shifted from growing mulberries and grain to growing ramie. In 1987 the area planted with ramie expanded to 3.37 million mu in the province, with an output of 5 million dan, a tenfold or so increase over 1985. At this time, however, the market price of ramie was lowered from between 3 and 4 yuan to between 0.7 and 0.8 yuan per jin. Therefore these peasants had no alternative but to shift back to growing mulberries and grain. Now almost 1 million mu of ramie fields in the province, including those newly sown, have been destroyed. At the mention of this trouble concerning ramie, some people attributed it to the peasants' ignorance of the commodity economy. But some well-informed people in Hunan said: This is only one of the factors causing the rise and fall. The main reason is that the foreign trade structure that took shape under the product economy no longer suits the peasants' demand for developing commodity production. The sharp price rise in 1986 seemed to be the result of many departments rushing for the purchase of ramie, but in fact foreign trade departments and their professional companies were controlling the price of ramie behind the scenes. Monopolizing foreign trade power and enjoying the advantage of the state "rice bowl," they raised the price of ramie at will. When prices are distorted, this in itself provides the peasants with wrong information that does not reflect market demand. At a time when the peasants' commodity mentality is still weak, this information will certainly lead the peasants astray and cause them serious economic losses. Under the existing structure, however, the responsibility, power, and benefit of management departments are not connected with those of the peasants; the peasants' losses, no matter how big, have no impact on these departments. This old structure, under which production, supply, and marketing are divorced from each other, is also an important cause of the rises and falls in the prices of other agricultural products. Of course, it is unfair to lay all the blame on the management departments for the rises and falls in agricultural production, as they have their own difficulties. As a matter of fact, a more important cause of the rises and falls is concealed at the higher level. That is, the government has not set up a mechanism that can exercise regulation and control [tiao kong 6148 2235] over market supply and demand according to the needs of commodity production and the law of prices.

In order to resolve the latent crisis in agricultural production, those engaged in actual rural work pointed out the main contradiction in the rural areas: The seriously biased, old interest structure between the urban and rural areas is ensuring urban consumption, industry, and service trades at the expense of agriculture, the rural areas, and the peasants. The reform of this structure brooks no delay. Without reforming this structure, it will

be impossible to bring the peasants' initiative into play in developing grain, cotton, and oil production and to remove the latent crisis in agricultural production, nor will it be possible to deepen the second stage of rural reform.

Rural Reform Praised

HK2408033188 Beijing NONGMIN RIBAO
in Chinese 15 Aug 88 p 2

[Article Specially Written by XINHUA reporters Huang Yanglue (7806 2254 3970), Guo Xianwen (6753 3759 2429) and Yi Kailin (2496 0418 2651): "Investigation of Rural Areas in Five Central-South Provinces and Regions, Part 3—Further Lifting Price Control and Enlivening Circulation is a Breakthrough Point in the Current Rural Reform"]

[Text] After reviewing the practice of reform and opening up in the five central-south provinces and regions in recent years, and in Guangdong in particular, we discern some laws governing the practice and have gained some enlightenment.

Enlightenment one: In units or trades where price control over their products has been lifted and the prices of their products are set in accordance with market demand, their production has developed very vigorously. The earlier and more thoroughly the price control is lifted, the faster their production has developed. After the lifting of price control, production of some products fluctuated because of various reasons, such as the influence of the old system, and so on. However, once the market is slightly stabilized, production picks up again. In the five central-south provinces and regions, price control over aquatic products, fruit and domestic fowl has been fully lifted, and the previous unreasonable prices have been readjusted through market mechanisms. The enthusiasm of peasants in various localities for production has been aroused. Their product quality has been improved and their production output improved in consecutive years. Guangdong was the earliest in implementing a policy of opening up, and its development is the fastest. From 1979 up to the present, annual production output of fruit of the province has increased 8 fold, aquatic products 1.3 fold, and domestic fowl more than 10 fold. However, there is still a rigid control over the prices of grain, cotton, oil, sugar, and so on. Peasants are compelled to sell these products at prices lower than their value. They are not enthusiastic in the production and investment of these products. As a result, the production of these products in various localities declines, or stagnates to varying degrees.

Enlightenment two: "Opening up" means not only lifting price control, but also enlivening circulation. If operational power is still monopolized by state-operated commercial departments, this means that price control has not been truly lifted. As a result, production cannot develop. The situation of "rushing to increase the production of certain products when they are in short

supply, and reducing their amount immediately once they are oversupplied" still exists. After Guangdong Province lifted price control over fruit and aquatic products in 1981, it also announced freeing price control over silkworm cocoons. However, due to the fact that the business of silkworm cocoons was still monopolized by those specialized foreign trade companies, the price was still forced down. Localities and silkworm growers could not make profits from the undertaking. Therefore, their enthusiasm for production was dampened, and a large number of mulberries were destroyed.

Enlightenment three: In trades where price control has been completely lifted, the scope of production and business operation has been smoothly expanded. However, if the lifting of price control and circulation channels are still blocked, it is a thankless task to deliberately emphasize the use of land in a unified way, and the expansion of business operation. Peasants will ignore this. At the end of 1987, 60 percent of rural labor force in Nanhai County of Guangdong Province was already shifted to non-agricultural sectors. Last year, production output value of the rural secondary and tertiary industries accounted for about 83 percent of the total social output value of the rural areas. Rural cooperative economic organizations had greater capability in "making use of industry to subsidize agriculture." In accordance with these favorable conditions, last year a three-level working group involving province, city and county came to the county to specially explore the way for a large-scale and concentrated operation of cropland. The group spent more than six months on the project, but it could only concentrate 300 mu of land or so, which were low yield, and located at outlying district. However, let us look at the other side of the coin. The government did not exert great efforts to promote a large-scale operation of animal husbandry, and the production of aquatic products and fruit. However, a large-scale specialized production of these three undertakings have been basically developed. What is the reason for this? The reason is that there is still a rigid control over the price of grain, whereas the price control over domestic fowl, aquatic products and fruit has been lifted.

Enlightenment four: With the opening up of markets, it is possible for peasants to develop a large-scale commodity production. Furthermore, they have demanded social services. Social service is needed before, in the middle and after production. Before opening up an agricultural products market, Gaoyao County in Guangdong Province stressed "serving peasants." However, peasants did not have such demand. Business and service departments were not clear about the connections between such service item and their own interests. With the gradual opening up of the market of agricultural products in recent years, peasants have started carrying out their

large-scale commodity production. They have no time to attend to some work which should be done before, in the middle and after production. This has encouraged the establishment of a large number of self-help service organizations. More than 10 special service companies have now been set up. They provide service with compensation. This has benefited both peasants and the companies concerned.

Enlightenment five: In places where the policy of opening up is implemented very early and thoroughly, the old system governing cities and countryside has been abolished. A new production and circulation system and new relations of interests have also been gradually developed amid equal competition.

Guangdong Province has made a breakthrough in the second step of reform, and has explored a new way of "opening up—abolishing the old system—reform—economic links."

When the first step of reform was being carried out in the rural area, Guangdong started reforming the system of purchase by state quotas. Both prices and circulation were freed. Only five kinds of products such as grain, edible oil, sugar and cigarettes and so on were still governed by planned purchase by the state, or the double-track system. Starting this year, price control over edible oil has been lifted, and sugar market regulated. Business operational power for silkworms has been transferred to producers in the main producing areas. The lifting of price control has stimulated production. Production output of domestic fowl, fruit and vegetables has been doubled. In the meantime, more than two million peasants have entered circulation links. This has greatly affected state-operated commerce, and supply and marketing departments. To conform with the situation of free competition, they have consciously started changing their business operational style and methods, and readjusting their relations with peasants involving interests. Making use of their strong points in their strong financial and technical power, and their broad connections, they cooperate with rural economic organizations and peasants to gradually form an integrated system for the procurement of supplies, production and marketing, and a new system of commodity production involving agriculture, industry and commerce. These state-operated commerce, and supply and marketing departments have initially developed stable relations with rural areas or peasants involving production, supply and marketing on the basis of equality and economic contracts.

Lifting price control and freeing circulation actually means sacrificing some former interests of the state, business operational departments, urban enterprises and consumers. At the beginning, they felt it difficult to

accept the practice. This was also the case with Guangdong Province. However, governments at all levels withstood the pressure, and refused to backtrack. On the contrary, with the aid of the driving force of "opening up," they speeded up the reform of the old system governing cities and countryside. In the meantime, they provided consumers with necessary subsidies. Thanks to the efforts made by various quarters, difficulties were eventually overcome. New relations involving production, supply, marketing and interests have now been gradually established. The state, departments, enterprises and consumers have benefited further.

From the enlightenment mentioned above and gained from the practice of reform in Guangdong and the other four central-south provinces and regions, we may come to the following conclusion: Only by starting with the "opening up," can we get rid of the old structure of interests governing cities and countryside and remove the severe fetters on agricultural commodity production. Only by starting with "opening up," can we create the necessary conditions for the rural reform, and for the implementation of various reform measures.

Disasters Jeopardize Grain Crop Target
HK2408013488 Beijing CHINA DAILY in English
24 Aug 88 p 1

[By staff reporter Liang Chao]

[Text] China is unlikely to meet the State-set target for grain production this year because of the frequent droughts and floods and the rocketing prices of farming necessities such as chemical fertilizer and pesticides.

It will be very difficult for China to fulfill the grain production quota set by the State this year in view of the country's present agricultural situation, a source from the National Research Centre for Development of Science and Technology told CHINA DAILY yesterday.

He said China's summer grain output is scarcely at the same level as last year and less than this year's quota even though the sown area was increased by 640,000 hectares compared with last year.

The country now has to depend on its autumn crops to reach its target.

To fulfill this year's State quota, China should produce 410 million tons of grain—this means the output from the country's autumn crops must be increased by 750,000 tons compared with the original State plan.

Autumn Crop [subhead]

But this will not be easy because many of China's agricultural provinces are hit by natural disasters and the area for the growing of autumn crops has been reduced, especially the area for the production of maize and sweet potatoes which belong to the high-yield variety of autumn crops.

Natural disasters, mainly droughts and flooding which have taken place frequently this year, are a major reason for the country's inability to fulfill its grain quota.

Severe drought has hit 18 provinces and areas, 60 percent of the total, especially areas on the middle and lower reaches of the Yangtze River which are among the country's main grain production bases.

More than 11.33 million hectares of farmland have been affected, some seriously. So far, 17 provinces and areas have been forced to delay their autumn sowing as a result of the continuing severe droughts.

At the same time, heavy and torrential rains have caused floods in many northern areas of the country. The floods have inundated more than 7 million hectares of farmland and damaged more than 1 million hectares, according to statistics from the Central Flood Control Headquarters.

Land [subhead]

Statistics compiled in 819 counties throughout the country's 28 provinces reveal that the land for the autumn crop so far this year is about 104.6 million hectares which is 860,000 hectares less than last year.

Heilongjiang Province in Northeast China has reduced more than 560,000 hectares of land for its autumn crops.

He said one of the reasons for this was the fact that the economic benefits to farmers of producing grain were lower than those for producing other cash crops such as cotton, sugar and tobacco.

This has resulted in an increase in the amount of land set aside for cash crops. This year, the amount of land for these cash crops has increased by 730,000 hectares over last year.

Meanwhile, the price of grain keeps low while prices of such items as chemical fertilizer, plastic sheets, pesticide and farm machinery, have gone up a great deal.

In the first five months of this year, the prices of these have risen by more than 13 percent. Farmers' motivation for producing grain has suffered as a result of the price hikes because they cannot afford to buy these items and have to cut down their investment. Cultivated land has been given up in some areas of the country.

Number of Pigs, Pork Output Increases
HK2308143388 Beijing CEI Database
in English 23 Aug 88

[Text] Beijing (CEI)—The number of pigs and the output of pork in China rose again in the first half of this year.

By the end of last June, pigs on hand reached 326 million head, 3.66 million or 1.1 percent more than the same period of last year.

In the first half of this year, the number of pigs for market was 128 million, 3.53 million more or a 2.8 percent increase over the corresponding period of 1987.

Railroad Construction Figures Released
HK2308144388 Beijing CEI Database in English
23 Aug 88

[Text] Beijing (CEI)—China has used a total of 1.9 billion U.S. dollars of foreign funds in its railway construction since 1980, released the Ministry of Railway here recently.

Together with investment provided by the Chinese Government, 1,184 km of railways and 3,188 km of electric railway have been built and nine outdated railways have been renewed.

It is expected that over 200 million tons of transportation capacity is to be added in the country by the end of 1990.

East Region

Huang He Delta Development Plans Viewed

HK2408075188 Shanghai SHIJIE JINGJI
DAOBAO in Chinese 1 Aug 88 p 13

[Article by Yu Guangyuan (0060 0342 6678): "The Huang He Delta"]

[Text] People always talk about the Chang Jiang and Zhu Jiang Deltas, but they seldom talk about the Huang He Delta because so few people know much about it. In fact, we can look at the Huang He Delta in two different periods: the old and new. The existing river courses in the lower reaches of the Huang He were formed in June 1855 (5th year of Xian Feng, Qing Dynasty) when Tongwa Xiang in Lanfeng, Henan, was breached. Before the breach the lower reaches of the Huang He took the previous Huai He course in Xuzhou. The so-called new Huang He Delta is the wide tract of land at the north of the Shandong Peninsula; while the old Huang He Delta was the wide plain formed after many million years of deposits. The Huang He Delta that I am going to talk about is the new one.

Physical geographers have a particular definition of the range of the new Huang He Delta. Today, there is a place on the banks of the Huang He in Lijin County called Ninghai. Since the diversion in 1855 there has not been another diversion above Ninghai (except in July 1938 when the KMT [Kuomintang] Government caused an artificial breach in Huayuan Kou causing serious damage to people. This incident diverted the course of the Huang He to its previous course for nearly 10 years until March 1947 when Huayuan Kou was blocked and the Huang He shifted back to the post-1855 course which flowed from Shandong to Bo Hai). However, the river below Ninghai, which runs across a land area of over 5,400 square km, has changed its course 11 times. Altogether there have been 12 totally different courses on that land. This fan-shaped land is the new Huang He Delta defined by our physical geographers and hydrologers.

A forum on the development policy for the Huang He Delta, beginning 30 June and lasting for a week, was held jointly by Shandong Province and Dongying City. Before the forum an investigation group organized by the China Society of Territorial Economics, China Society of Water Conservancy Economics, and Huang He Society of Water Conservancy Economics held a discussion. Applying physical geography, the group defined a smaller Huang He Delta which included three counties (Kenli, Lijin, and Guangrao Counties) and two districts (Dongying and Hekou Districts) in Dongying City, and Jianhua and Wudi Counties in Huini Prefecture, with Dongying City as the center. The major topics in the economic development of the Huang He Delta are the extraction of oil and the development of agricultural and pastoral production. In other words they intend to develop the delta into a combination of oil fields and

oasis. Of course they should also develop the place into a petrochemical base and an area with overall development in economics and culture.

The definition of the range of the larger Huang He Delta Economic Zone is still under discussion. Comparing it with the smaller Huang He Delta economically, they have, and will have, close links with each other. From the physical geographical point of view their links are also very close. As well as the whole of Huini Prefecture (there is only one city of county level, Binzhou), the larger Huang He Delta Economic Zone also includes the Xiaoqing He basin in Zibo and Weifang Cities, perhaps also the whole of Zibo City, and even Jinan City. As the definition of the range of the larger Huang He Delta is under discussion, the more urgent task is to develop the smaller Huang He Delta. I therefore agree to concentrate on the study of that region with an area of 12,000 square km and on the horizontal ties over a larger range in order to achieve economic and social coordination.

Study and Development [Subhead]

There are lots of problems to be studied in regard to the development of the Huang He Delta. There has to be an overall study on policy and planning and many other important issues in the development of the delta. The parties concerned conducted an investigation from 16 to 27 June and held a discussion on the Huang He Delta's development and control of the river mouth. At the forum on Huang He Delta development policy held from 28 June to 5 July, many experts put forward the results of their studies and expressed their opinions. I think that we are only at the stage of further continuing a thorough and detailed study of Huang He Delta's development. There are still a lot of problems that need to be studied deeply.

Take the "inflow problem" as an example. That is, the problem regarding the Huang He flowing into the sea. Today, it is unquestionable that the lower reaches of Huang He cannot be allowed to flood and change course freely. To solve the "inflow problem" we must not be subjective. We must take into consideration the objective rule of the studies on rivers to struggle with nature using what we have and conquer the power of nature. How well we handle this problem not only greatly affects the Huang He Delta, but also the safety of the whole of Huang He's lower reaches, which in turn affects the Huang He Delta. We can say that whether or not we can solve this problem properly is a fundamental and major problem in the Huang He Delta.

Another example is the agricultural problem which is an important and complicated problem which this region needs to solve. Agricultural development in this region should have its own characteristics. People have to consider how to make use of the region's strong points, such as having a large area of land, a small population, and a fine climate. They also have to discover how to overcome the weaknesses of having salty land that is

easily affected by natural disasters; how to develop an ecology and agriculture suitable to this region; and how to organize large-scale development of animal husbandry, the planting industry, and aquatic products industry to supply large amounts of commodities to the market. These are not simple problems and investigation, study, and planning by agricultural experts is needed to solve them.

Other problems were also raised at the forum. These included: developing local industries together with township and town enterprises; making use of the functions of individual and private economies; developing the region into a petrochemical base; developing the region's transport facilities (the construction of railways and highways, and developing sea and air transport); implementing the open policy so as to enjoy the same treatment as other coastal areas open to foreigners; further developing cultural undertakings by formulating policies especially for cultural development; and so on. These studies are being carried out by local comrades but scientific forces elsewhere should also give support. We should see that these are not short-term studies; it will take a long time to accomplish them. Therefore these scientific studies should be planned and well organized. I think it is necessary to establish a scientific study organization for the development of the Huang He Delta.

Why Is It Not Widely Known? [subhead]

Chang Jiang and Zhu Jiang have developed flourishing economic and cultural activities over several thousands of years because their river courses have been steady. The old Huang He Delta had flourishing cultural activities before but, due to the unsteady river course and the unclear definition of the range of the delta, it has been impossible to maintain long-term and continuing development on one particular delta. I have mentioned that the new Huang He Delta has a history of only 143 years. The actual period when water has flowed is even less because breaches occurred many times causing diversions. For example, the Shandong He dried up for 10 years after Huayuan Kou was breached and diverted its course in 1937. The development history of the Huang He Delta is so short that it is beyond comparison with the Chang Jiang and Zhu Jiang Deltas.

When looking at the natural conditions in the Huang He Delta, there has always been flooding in the lower reaches and diversions have taken place 11 times within 130 years. Except after the first great diversion when the interval lasted longer (for 34 years and the actual period with water running was 19 years), other diversions only lasted from less than 1 year to 10 years. Such frequent floodings made it impossible to develop the economy. Because it is located in coastal low-lying areas the land is salty, unimproved, and unsuitable for farming. That is why this delta has become infertile land and making it more difficult to compare with the Chang Jiang and Zhu Jiang Deltas, and thus far less widely known than those two.

Historical Change Occurred [subhead]

On 1 April 1961 the first oil well in north China was drilled near Dongying Village in Xindian Town, Kenli County. The well had an industrial flow of 8.1 tons per day. This was a starting point for the Huang He Delta to change its appearance and status. The oilfield, named "Shengli," has developed into a large concern with a production capacity of crude second only to the Daqing Oilfield. The Huang He Delta is opposite Los Angeles in the United States, with the ocean dividing the two. They are in similar latitudes and each possesses a basin with rich oil resources. The Los Angeles Basin has an area of nearly 4,000 square km while the Jiyang Depression where the Shengli Oilfield lies has an area of 26,000 square km. The petroleum production capacity of the Los Angeles Basin reaches nearly 45 billion tons and that of the Jiyang Depression is initially estimated to be 53 billion tons. As the drilling density of the Shengli Oilfield is only 1/12 of that of Los Angeles, geological petroleum reserves already found are only half that of the Los Angeles Basin, but the reserves are expected to increase greatly in the future. In particular, as the onshore oilfields are close to the offshore fields in the Bohai Gulf, the petroleum reserves will definitely increase in future. At present, the Huang He Delta is the largest petroleum base in the eastern part of our country. After nearby oilfields are developed this region will also become a logistic petroleum reserve and processing base.

To develop oilfields not only requires drilling and construction but also solving problems such as roads, water and electricity supply, communications, manufacture and repair of machinery for extracting oil, and urban construction. During the construction process the population of the region will increase with manpower and qualified personnel in particular moving in, causing enormous changes in the region. In order to protect the oilfields we should protect the lower reaches of the Huang He from flooding. Embankments should therefore be constructed. There were no embankments on the lower reaches of the Huang He before liberation. We can no longer allow the lower reaches to change course "freely." These are the conditions for opening up oilfields and also for developing agriculture and other general industries. If these conditions are satisfied large areas of farmland will be transformed, the soil's saltiness will be reduced through drainage, and through irrigation agricultural production will no longer be threatened by drought. Following the development of the oil industry local industries also began to develop and there were improvements in cultural and educational undertakings. At present Dongying City has 12 scientific research units with 3,000 staff and workers. These units have made 96 scientific research achievements in 1987. In the city there are 1,466 schools of all types, 310,000 students, and more than 18,000 full-time teachers. The petroleum academy, which was originally in Beijing, is now in Dongying City.

When the situation changes, people's understanding of the delta should also change. It is totally inappropriate to

look at the Huang He Delta with old attitudes. We should let more people know that there is a valuable tract of land in the eastern coastal area of our country, which is easily accessible and has abundant petroleum and land resources, and is called the Huang He Delta. We should also let more people know that it is not easy to find a coastal region for development with a population density of only 188 people per square km and possessing the necessary conditions for development. This place should have priority in development and we should develop it as soon as possible. There should be more people and organizations concerned with the development of this region.

Support From All Quarters Is Necessary for Development [subhead]

To hasten development of the Huang He Delta it is not enough to rely solely on local forces. I told the local comrades that they have to ask for support from all sectors and, at the same time, rely on themselves for further development. I hope that different sectors can voluntarily support the development of the Huang He Delta. The scientific forces mentioned above actively participating in the study of the Huang He Delta's development is one kind of support. Assistance from various departments in solving the difficulties encountered during the process of their work is another. If different areas conduct investigations in the region to study how to make use of the existing favorable conditions for investment in the region with their human and material resources, and develop all kinds of horizontal links with the Huang He Delta for mutual benefit, this also is a kind of support. Yet another kind of support would be if other sectors helped the region to contact foreign investors for the import of capital and technology. Support may also come from media units helping to promote the importance of the region's development so that more people will understand and be concerned about the region. Artists may draw pictures and sing songs about the Huang He Delta, and introduce the struggle and life of the working people in Huang He in past and present times to support the development. Youths with great ambition who are willing to come to the region and put the goal of developing Huang He as their long-term aim give another kind of support. If we treat senior leadership as a kind of support, the leaders who help strengthen development of the region also become significant supports.

Those who ask for and those who give support should work in a down-to-earth manner by being practical and realistic in seeking effective methods and putting them into practice.

I will now use this article as a starting point for fulfilling my promises.

Guangxi Police Open Fire During Clash, Kill 4
OW2408101088 Tokyo KYODO in English
0949 GMT 24 Aug 88

[Text] Shanghai, Aug. 24 KYODO—Four farmers died and 13 others were injured when police opened fire in a

clash involving a land dispute in southern China last month, according to local newspapers.

The story regarding the confrontation was carried by the XINMING WANBAO newspaper in a recent issue for the first time in China.

The paper said about 100 farmers in Wang Li Village in Guangxi raided a farm station with shovels and axes, stoning a police squad of 50 men called out to quell the melee which took place on July 15.

The farmers reportedly attacked and injured 15 police with stones the following day as officials rounded up four of their leaders.

In response, police shot and killed four farmers, and injured 13 others, the paper said.

Police authorities claim the shooting was done in self-defense.

Coal Shortage Hits Electricity Supply in Jiangsu
HK2408004388 Beijing RENMIN RIBAO
in Chinese 18 Aug 88 p 1

[Report by XINHUA reporter Fei Qiang (6316 1730) and RENMIN RIBAO reporter Gong Yongquan (7895 3057 3123): "Jiangsu Province Lacks Coal for Generating Electricity"]

[Text] Coal supplies for generating electricity began to fall short in Jiangsu Province in early August. This brought generating sets totaling 1.8 million kilowatt hours, 40 percent of the installed capacity of generating sets in the province, to a standstill.

About 73 percent of the province's coal for generating electricity is supplied by coal mines outside the province according to state mandatory plans.

The delivery rate of coal for generating electricity from mines outside the province was 90.5 percent in the 1st half of this year. It dropped to 86.41 percent in July and to 75.18 percent in August. Power stations throughout the province now maintain a coal store of only 80,000 tons, far below the normal lower limit. Most of the generating sets in Jianbi, Xuzhou, the port of Tiansheng, and Yancheng have stopped operating. Electricity for daily use in the province has been reduced by one third, equivalent to the level during the same period of 1982.

This is the period when agricultural and industrial production requires electricity the most. The drop in power supply has made it even more difficult for industrial and agricultural production to proceed normally. Most rural areas in the province are suffering from serious drought, and late rice transplanting has stopped because irrigation is impossible due to the power shortage. A large number of industrial enterprises have stopped operating as a result of power rationing. Power supply in Nanjing has

been cut by 55 percent, only ensuring urban life facilities and the use of electricity for combating drought. About 80 percent of enterprises under the city authorities have stopped operating. If this situation continues for another month, the province's industrial output value will drop by 3 billion yuan and its profits and taxes by 400 million yuan.

The Jiangsu provincial government has set up a coal transportation leading group to urge and speed up the transportation of coal for generating electricity and to adjust the original plan for its use. As reported, the Xuzhou Mining Bureau, which is affiliated to the Jiangsu provincial government, is beginning to supply coal according to the plan, but there has been no improvement so far in the situation in coal mines outside the province.

Shandong Political Education Seminar Held
SK2408054888 Jinan DAZHONG RIBAO
in Chinese 5 Aug 88 p 1

[Text] The provincial seminar on the ideological and political education of the schools of higher learning was held in Qingdao from 27 July to 2 August. The seminar stressed: At the critical moment of reform, we should unfailingly gear the ideological and political work of the schools of higher learning to the overall situation of the deepening of reform; should renovate the outmoded contents of political courses and obsolete working methods; and should create new, effective, and fascinating contents for ideological education in order to make the students develop morally, intellectually, and physically.

During the seminar, Jiang Chunyun, deputy secretary of the provincial party committee, and Zhao Zhihao, vice governor, visited secretaries of party committees and ideological education workers of schools of higher learning. Comrade Jiang Chunyun delivered a speech. Before the conclusion of the seminar, Miao Fenglin, Standing Committee member of the provincial party committee and director of the Propaganda Department of the provincial party committee, made a summing-up speech.

The seminar maintained: Over the past few years, our province has done a good job and yielded results in conducting the ideological and political work among the schools of higher learning. At present, however, there is phenomenon which merits our attention. That is, considerably more universities and colleges, to varying degrees, are "placing emphasis on imparting knowledge but not on educating students," "placing emphasis on intellectual education but not on moral education," and "placing emphasis on teaching but not on political work," thus weakening the ideological and political work, and reducing the attraction of political courses. Leaders of party committees of various universities should pay higher attention to this situation.

The seminar maintained: In conducting courses on political theories, universities and colleges should integrate theory with practice; should positively renovate outmoded contents of political courses and obsolete methods to conduct ideological and political work; should regard the "realization of the four modernizations and the revitalization of Chinese nation" as the core and soul of ideological and political work; and should educate teachers, students, and administrative workers to define their duties and tasks and hand in a qualified examination paper.

The meeting maintained: To strengthen the ideological and political work of the schools of higher learning, we should set up the responsibility system, and should enhance the feasibility of these schools' ideological and political work through renovation. We should try our best to adapt the students' knowledge and ideology as well as their abilities to distinguish right from wrong and to withstand the strain of change to the reality of society and the reality of reform and opening-up, so that the students can adapt themselves to the demands of society and withstand various tests as quickly as possible when they advance to work posts.

The seminar also maintained: To strengthen the ideological and political work of the schools of higher learning, we should also strive to eliminate various social factors which affect the stability and unity of these schools. Local party committees should support the work of the schools of higher learning, and the schools of higher learning should respect the work of local party committees so that they can serve the local economic and social development. Pertinent departments in the localities, where the schools of higher learning are located, should create a fine social environment for the study and growth of students.

This seminar was jointly held by the Propaganda Department of the provincial party committee, the provincial Education Department, and the provincial Research Committee for the Ideological and Political Education of the Schools of Higher Learning. This seminar accepted more than 40 theses.

Romanian Party Delegation Arrives in Shandong
SK2408012888 Jinan DAZHONG RIBAO
in Chinese 7 Aug 88 p 1

[Text] The Romanian party workers delegation led by (Lezulieanu Awulier), secretary in charge of agriculture of the Timis County committee of the Romanian Communist Party, arrived in Jinan City for a visit on 5 August.

Lu Maozeng, deputy secretary of the provincial party committee, cordially met with and feted all delegation members. During the meeting, Lu Maozeng introduced

in detail to the guests on the province's current agricultural situation and the development plan and wished that the friendship between China and Romania will be long standing and well established like the Huang and Danube Rivers.

Delegation leader (Awulier) gave a speech in which he warmly praised our province's agricultural achievements since the 3d Plenary Session of the 11th CPC Central Committee, and wished that our province would make greater progress in the future reform and opening up.

Responsible comrades of the provincial Foreign Affairs Office and Agricultural Department were also present at the meeting.

The Romanian guests will leave Jinan for Qingdao City this evening to continue on their visit.

Shanghai, Hong Kong Expand Publishing Ties
OW2308160888 Beijing XINHUA in English
1503 GMT 23 Aug 88

[Text] Shanghai, August 23 (XINHUA)—Shanghai and Hong Kong have jointly published books under 145 titles in recent years, XINHUA learned from the first Shanghai-Hong Kong annual meeting on publication which opened here today.

Until a few years ago, books published jointly by Shanghai and Hong Kong were nothing but albums and children's books.

But now, they are printing out Chinese classics, dictionaries and science, technology, literature and arts books, according to Shen Jiuru, director of the Shanghai Municipal Publication Bureau, who spoke at the opening session of the meeting.

This year Shanghai will push out books under 3,324 titles including an English-Chinese dictionary which took 14 years to compile and a 15-volume collection of the best traditional Chinese paintings.

Zhejiang To Accept International Typhoon Aid
HK2308144988 Beijing CEI Database in English
23 Aug 88

[Text] Hangzhou (CEI)—Zhejiang provincial government has decided to accept international relief aid to remedy the loss caused by the No 7 typhoon, Governor Shen Zhulun told CEI.

10.5 million people, including 160 dead and 1,232 injured, became victims of the typhoon, which swept the province on August 8, leaving an immediate loss of one billion yuan RMB [renminbi], the worst in 40 years.

Since June, the province has suffered four consecutive torrential rains, plus a protracted drought and high temperature, all these caused an aggregate economic loss of over two billion yuan.

What the province needs most is relief funds, grain and foodstuff, chemical fertilizer and pesticide, the governor said.

Some foreign countries, international organizations, popular organizations and friendly individuals are collecting donations for the province, CEI learned. Meanwhile, the United Nations World Food Program (WFP) has offered from 8,000 to 10,000 tons of grain as aid.

Donations Flow Into Province
OW2408091188 Beijing XINHUA in English
0721 GMT 24 Aug 88

[Text] Hangzhou, August 24 (XINHUA)—Foreign governments, organizations and individuals have recently made donations to east China's Zhejiang Province, which was hit by a typhoon earlier this month.

The No. 7 typhoon affected 41 counties and cities, including the capital, Hangzhou. A total of 160 people were killed and 1,232 were injured; an economic loss of over one billion yuan was estimated, a provincial official said.

Since the disaster, the province has been receiving donations from domestic and overseas organizations and individuals including 10,000 tons of grain from the World Food Program and 300,000 Hong Kong dollars from a Hong Kong company, the official said.

Besides, a score of foreign countries which have established friendship ties with the province have conveyed their sympathy to the typhoon victims. The American Consulate in Shanghai and its Australian counterpart have also telephoned the provincial government to say that the two countries are willing to give the province materials it needs.

On behalf of the provincial government and the people in the disaster area, Zhejiang Governor Shen Zhulun expressed gratitude to the foreign governments, organizations and individuals for their friendship and generosity.

Zhejiang Sets Focus for Foreign Investment
HK2308144188 Beijing CEI Database in English
23 Aug 88

[Text] Hangzhou (CEI)—Foreign investment in Zhejiang Province will be oriented to speeding up the technology reform in existing enterprises, strengthening the construction of transport and power supply and tapping natural resources.

Included are the following—opening the Qiantang River's outlet channel to the sea; building Jinhua-Wenzhou Railway and an expressway from Shanghai to Ningbo via Hangzhou;

The construction of the province's digital communications network and a long-distance automatic telephone exchange increasing 2 million kw installed capacity of power supply;

Developing medium and small precision electromechanical products, medium and high grade electromechanical parts, integral electromechanical instruments, complete sets of equipment and electronic products for consumers;

Developing fine chemical industry and petrochemistry;

Developing new-type building materials and non-metal minerals and its processed products;

Developing iron and steel, nonferrous metal and chemical material in textile, silk, light industry and food industry. the emphasis falls on deep processing and developing new techniques, new technology and new products.

Zhejiang's Lanxi Overcomes Problems in Reform
OW2308132988 Beijing XINHUA in English
0621 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—A small city in east China's Zhejiang Province has made marked progress in reform thanks to a pioneering spirit combined with scientific methods.

The "PEOPLE'S DAILY" reported today that in the past few years, the City of Lanxi has tided over a series of difficulties at little cost in its effort to revitalize state-owned enterprises.

On the basis of a trial use of a floating wage system in 40 industrial enterprises, the city achieved further success this year when the practice was introduced to all state-owned enterprises and institutions, the paper said.

Meanwhile, a number of enterprises have been made responsible for both their profits and losses. More operational independence has been given to them and now the government only exercises essential supervision over enterprises rather than direct administration.

The efforts have paid off. In the last four years, more than 20 big and medium-sized state enterprises have managed to increase their profits and taxes by an annual average of 20 percent.

The "PEOPLE'S DAILY" described the prominent feature of the guidance provided by the city government and Communist Party committee as combining the instructions of the higher authorities with concrete local conditions, rather than following blindly central government documents.

In some cases, the city broke with conventional Chinese practice. For instance, Lanxi began to renovate the wage system as early as in 1984 when it allowed a small number of enterprises to carry out experiments in this regard.

The next year, when the state started similar experiments in a small number of enterprises across the country, the city was promoting the practice on a larger scale.

In 1985, a renovated wage system was carried out in Chinese enterprises. But, instead of following the mainstream, the city leaders adopted a method that could better suit local conditions. As a result, Lanxi's industrial situation became the best in Zhejiang.

Central-South Region

Guangdong Foreign Insurance Business Grows
HK2308145188 Beijing CEI Database in English
23 Aug 88

[Text] Guangzhou (CEI)—Foreign insurance business in Guangdong Province saw an increase of business of 8.6 billion U.S. dollars over last year in the first half of this year.

According to an official from the company, the company handled a total of 413 compensation cases in the first six months of this year, involving a total of 12.57 million U.S. dollars. This represented a 40 percent increase over the same period last year.

Meanwhile the company's insurance premium from transportation and import and export business increased by 40 and 70 percent respectively. premiums from the province's foreign funded industry also went up by 11.3 percent to suit the local situation. The company opened some new services including insurance for off-shore oil exploration and insurance for the mushrooming export-oriented enterprises such as those engaged in prawn, tortoise, eel and pig breeding.

Hainan Holds Financial, Taxation Work Conference
HK2308150788 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 22 Aug 88

[Excerpts] It is necessary to seek unity of thinking in, and give more confidence to, carrying out tax reform in a deep-going way. It is also necessary to strengthen control over financial and taxation work to size up the situation

of building Hainan into a larger special economic zone. This was stressed at the recently held Hainan provincial conference on financial and taxation work.

The meeting pointed out: [passage omitted] Much has been achieved in the province's financial and taxation work in the 1st half of this year. Financial revenue accounted for 49.9 percent of the annual budget, an increase of 19.7 percent over the same period last year. Nevertheless, administrative expenses could not be reduced and group purchasing power was still increasing in the first half of this year. Therefore, striking a balance in this year's financial budget remains a hard task. To this end, the meeting called for a large-scale drive to increase production and practice economy and to increase revenue and reduce expenditure and for improving economic returns in enterprises. It also called for continuous efforts to control budgetary expenditure, resolutely curtail group purchasing power, and carry out a general examination of taxation, financial work, and commodity prices. [passage omitted] Meanwhile, adequate attention must be given to the work of levying some new taxes, such as enterprise income tax, land tax in cities and towns, stamp tax, and dinner party tax. To suit the situation of opening up to the outside world, it is necessary to change the methods of levying and controlling taxes, to strengthen work of imposing taxes on products sold to other provinces, and to exert every effort to increase income and fulfill the task of this year's tax revenue. [passage omitted]

The 4-day-long meeting was attended by persons in charge of finance and tax bureaus at the city and county levels and persons responsible for the provincial departments and bureaus. Zhou Erkang, a responsible person of the provincial People's Government, attended and addressed the meeting.

Hainan Opens People's Representative Conference
HK2408014788 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 23 Aug 88

[Excerpts] The first session of the Hainan provincial conference of people's representatives solemnly opened in Haikou this morning. Liang Xiang, executive chairman, presided. Xu Shijie, head of the preparatory group for establishing the province, delivered a report on the preparations for establishing the province and for convening this conference. [passage omitted]

Xu Shijie put forward the following demands on future work: 1) Promote the great unity of people from all corners of the country; 2) struggle with arduous efforts; 3) [words indistinct]; 4) establish a work style that meets the requirements of building the province and the special economic zone. [passage omitted]

Henan Nongovernment Teachers' Plight Discussed
OW2308125388 Beijing XINHUA in English
1118 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Rural school teachers not on the government payroll in Henan Province not only earn very low pay but often have to wait for long periods to receive the pittance due them, the "CHINA YOUTH NEWS" reported today.

The paper said a survey of 89 schools in the province's 18 counties showed that 47 percent of the schools failed to pay their teachers on time.

Some payments were in arrears for six months and one case for five years, the paper said.

The paper blamed the delays on bottlenecks caused by disagreements in apportioning funds from local governments but said embezzlement of the teachers' wages by local officials was also a factor.

The paper said the average monthly wage for half of the teachers is 40 yuan (about 10 U.S. dollars) while those in better off regions earn 60 yuan.

The low pay has greatly dampened the enthusiasm of teachers, the paper said.

Nearly 60 percent of the 95 teachers surveyed said they intend to transfer to other work units. Some have decided to devote themselves more to contract farming.

Southwest Region

Guizhou Leader Discusses Development Issues
HK2408022388 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 23 Aug 88

[Excerpts] In his report delivered to the sixth provincial party congress, Comrade Hu Jintao stressed that it is essential to speed up the development of science, technology, and education undertakings, and promote the integration of scientific research and teaching with the economy. We must further enhance understanding of science and technology as productive force, implement the guideline calling for reliance on the progress of science and technology in economic construction and for science and technology work to be geared to economic construction, proceed from reality, step up science and technology research and the exploitation of new technology, and vigorously popularize and make use of the fruits of science and technology.

We must further deepen reforms in the science and technology setup, introduce the competitive mechanism into the science and technology organs, actively institute various kinds of contracted management responsibility systems, establish close ties between these organs and the

enterprises, and develop multilayer and multiform ties between scientific research and production, involving a variety of different ownership systems.

We must persevere in the principle of lifting restrictions on science and technology personnel and support their activities in taking part in economic development in various ways, so as to give further scope to the role of talented people. We should encourage the collective and the individual to set up various kinds of nongovernmental research bodies, further develop the technology market, and promote the commercialization of the fruits of science and technology. We must step up research in soft science and provide focal support for grass-roots research work.

Hu Jintao stressed that it is essential to assign a prominent strategic position to developing education, and gradually increase investment in education each year in the wake of economic development. We should encourage and support the forces of society and the masses to raise or donate funds to run or support schools. We should further deepen reforms of the education setup. [passage omitted]

Comrade Hu Jintao stressed that the province must further open up to the world and develop economic and technological exchange and cooperation. In speeding up the province's economic development, we must act in light of local conditions and further open up to the outside world and to the interior. We must gear our efforts to the domestic and international markets and get a good grasp of exporting goods and labor. All localities should actively develop and step up lateral ties and cooperation with the coastal regions and other provinces and regions, and import technology, capital, and management experience, so as to improve our technological and management standards and the grade of our strong-point products and enhance their competitiveness. We must strive to expand the market coverage of Guizhou products.

We must take full advantage of our strong points in energy and raw materials industries, perfect the policies and implement them properly, and promote joint exploitation efforts with the coastal regions, so as to speed up the construction of energy and raw materials bases. [passage omitted]

We must speed up and deepen reforms in the foreign trade setup, implement in the enterprises the contracted management responsibility system in foreign trade, and gradually delegate export management powers to the lower levels. We should push a number of enterprises with the right conditions directly into the international market. We should improve the investment policies and environment, open up more channels for bringing in foreign investment, improve our ability to attract it, and speed up the pace of developing enterprises with three sources of capital.

Guizhou Official Stresses Grain Problem

HK2408025388 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 23 Aug 88

[Excerpts] Su Gang, a deputy to the sixth Guizhou provincial party congress, said at a panel discussion that the grain issue is an outstanding problem in the province's economic work. It is essential to have a sense of crisis, urgency, and mission regarding this issue.

Comrade Su Gang said that according to data provided by the departments concerned, comparing the past 5 years with the previous 5 years, the general growth rate of grain production declined by 3.12 percent, while the general growth rate of the population rose by 6.9 percent. The amount of grain available per person has tended to decline. Hence, we must clearly realize that in the wake of the gradual institution of price reform schemes, the grain situation in the province will become still more rigorous. If we ship in more grain from outside, our financial burden in providing subsidies will become still heavier, and this will have a tremendous impact on the province's entire economic development and the improvement of living standards.

Su Gang proposed that, in deepening rural reforms, the provincial party committee should get a really good grasp of the following points: 1) Enhance the understanding of the comrades of the whole party regarding the importance of grain, to ensure that the party and government leaders at all levels will truly and relentlessly grasp the grain issue as a major strategic measure. 2) Strictly control population growth. We must take a resolute approach to family planning. 3) Strictly control occupation of existing farmland and strictly implement the land management law. We must vigorously encourage the peasants in carrying out agricultural capital construction. [passage omitted] 4) Actively promote diversification and develop township and village enterprises. [passage omitted]

North Region

Agriculture Minister Rewards Hebei Wheat Growers

SK2408012488 Shijiazhuang HEBEI RIBAO
in Chinese 7 Aug 88 p 1

[Excerpts] This afternoon, the provincial Agricultural Department commended the advanced units and individuals who made prominent contributions to popularizing the patternized wheat cultivation technology. He Kang, minister of agriculture; Chen Yaobang, vice minister of agriculture; Liu Peizhi, former vice minister of agriculture; Zhang Renshen, vice governor; and responsible comrades of the provincial Agricultural Department presented trophies, certificates of citation, and cash awards to 50 counties and cities. Those counties and cities receiving awards included Renqiu, Jingxian, Wenan, Linxi, Yongnian, and Gaocheng. The 1,605 advanced individuals who received awards included

Xing Zhaowen, Yang Zhentai, Song Yingmin, and Cui Jinglian, who reaped bumper harvests by applying the patternized wheat cultivation technology. [passage omitted]

This technology was popularized in the fall of 1985 on a demonstrative basis. During the past 3 years, this technology was applied to more than 4,760 mu of wheat farming areas and the average per mu yield of wheat in the demonstration areas reached some 258 kg. Compared with the cultivated land which had not applied this cultivation technology, the average per mu yield increased by 32.6 kg. The wheat output during the past 3 years totalled 1.555 million tons, which added 770 million yuan in economic results. [passage omitted]

After presenting awards, He Kang and Zhang Runshen gave speeches. In his speech, He Kang affirmed the results of increasing production by applying the patternized wheat cultivation technology and encouraged the award winners to exert double efforts to score new achievements. He Kang said: Hebei Province has played a good role in the whole country in encouraging scientific and technical personnel to work on the forefront of production and has provided experience in relying on science and technology to develop agriculture in the Huang-Huai-Hai Plain. We should rapidly convert scientific and technological achievements from all quarters into productive forces, and popularize them among all families and on several million mu of farmlands.

In his speech, Zhang Runshen called on all localities to actively popularize this patternized wheat cultivation technology, plant more and better wheat this fall, apply more organic fertilizer to the wheat fields, and lay a good foundation for reaping a bumper grain harvest next year.

Northeast Region

Heilongjiang Floods Cause Great Losses
OW2308133288 Beijing XINHUA in English
0634 GMT 23 Aug 88

[Text] Qiqihar, August 23 (XINHUA)—Floods this month have caused a direct loss of more than 20 million yuan (5.4 million U.S. dollars) in Qiqihar in northeast China's Heilongjiang Province, an official of the city's economic commission said today.

The floods have also reduced production by as much as 50 million yuan (14 million U.S. dollars).

Some factories had to stop or slow down production because damages to roads prevented raw materials from being delivered. About 59,000 workers were assigned to reinforcing dykes of the Nenjiang River.

Now two docks in the city have been repaired and the Qiqihar-Hulan Ergi railway service, interrupted by rising waters, has been restored.

The city official said production at factories has fully resumed and the month's output is expected to even be 3.3 percent above the same period last year.

Jilin Potatoes Shipped to Soviet Union
HK2308143588 Beijing CEI Database in English
23 Aug 88

[Text] Changchun (CEI)—The first shipment of 150 tons of potatoes from China's northwest province of Jilin has been shipped to the Soviet Union.

This is the first time for the Soviet Union to import China's summer potatoes in the small quota trade exchange.

Since autumn potatoes produced by the Soviet Union would be on the market in the middle of September, Chinese potatoes are chosen to make up the gap.

Liaoning Holds Symposium on Stockholding System
SK2408023488 Shenyang Liaoning Provincial Service
in Mandarin 2200 GMT 22 Aug 88

[Text] On 22 August, experts and scholars from enterprises and financial and theoretical circles inside and outside the province gathered in Shenyang to study and discuss the issues concerning large enterprises' stockholding system and the stock market.

Li Guixian, state councillor and president of the People's Bank of China, attended the symposium.

Li Guixian said: At present, our country's state industrial enterprises own fixed assets worth 900 billion yuan. The implementation of the stockholding system among large enterprises is conducive to helping the exchange and gathering of production factors of enterprises.

He said: If some state property and state-owned stocks [word indistinct] are sold through the stockholding system, a considerable amount of capital investment will be returned. This will play a key role in upgrading the country's capacity of undertaking the price and wage structure reforms and will be conducive to setting up a new order of commodity economy.

Experts and scholars expressed their opinions on linking industry with finance, separating government functions from business management, readjusting the structure of state property, and deepening the economic and financial structural reforms.

Zeng Peiyan, vice minister of the state machine-building and electronics industry; Li Zemin, deputy secretary of the Liaoning provincial party committee and secretary of the Shenyang City CPC Committee; and Wu Disheng, mayor of Shenyang City, also attended the symposium.

Liaoning Finance Official Presents Report
SK2408004488 Shenyang LIAONING RIBAO
in Chinese 9 Aug 88 p 1

[Text] Entrusted by the provincial government, Gao Chenghe, director of the Financial Department, delivered a report "On Liaoning Province's 1987 Financial Final Accounts and on the 1988 Draft Financial Budget" at the fourth Standing Committee meeting of the seventh provincial People's Congress. The report states: The formulated 1987 financial final accounts were basically identical to the implemented 1987 budgets which were reported at the first session of the seventh provincial People's Congress. During 1987, the province conscientiously implemented the principle of reform and opening up, and extensively conducted a campaign of increasing production, practicing economy, increasing revenue, and reducing expenditures with "tapping potential, making progress, opposing waste, and increasing economic results, as the main content. The urban economic structural reform continued to develop, enterprise reform with the responsibility system in contract business operations as the main task was comprehensively popularized, and the vitality of enterprises was intensified remarkably. This enabled the national economy to constantly, steadily, and coordinatedly develop. The implementation situation was basically good.

The report states: In 1987 the province's total financial revenue reached 10.8 billion yuan, which was 100.9 percent of the fiscal budgets, an increase of 7.2 percent over the previous year. Of this, 8.767 billion yuan came from the revenue of the financial system sharing, an increase of 5.6 percent over the previous year, which was 150 million yuan short of the budget. The reasons for the shortage were mainly due to the fact that the state reduced and exempted enterprises' taxes, increased the depreciation funds, and raised the prices of raw materials and that grain enterprises increased deficits. In the total revenue, the industrial and commercial tax revenue exceeded the budgets by 2.2 percent, an increase of 10.3 percent over the previous year. The increase was attributed to the developed production, expanded circulation, and a fairly big increase in industrial and commercial taxes. In addition, we persisted in implementing all policies in favor of invigorating enterprises, supported production, created financial resources, and continued to implement the policy of tax reduction and exemption. Revenue from enterprises fell short of the revenue budgets (including tax delivery, regulatory taxes, contract incomes, and planned deficits). The revenue handed over by the industrial enterprises were only 91.7 percent of the budget because they repaid loans for carrying out technological measures and the state reduced their regulatory taxes and allowed the contract enterprises to retain more profits, showing a decline of 7.2 percent from the previous year. In 1987, the province's total expenditures were 8.037 billion yuan, which was 88.7 percent of the fiscal budget, an increase of 486 million yuan or an increase of 6.4 percent over the previous year. Of this, the expenditures on capital construction was

88.8 percent of the budget, a decline of 15.5 percent from the previous year. We implemented the principle of "three guarantees and three restrictions," guaranteed the construction of some key projects, and curtailed some unimportant items. The expenditures on agriculture was 86.8 percent of the budget, an increase of 0.8 percent over the previous year. The funds for developing ordinary educational schools reached 811 million yuan, an increase of 2.1 percent over the previous year. In 1987 although the province increased its revenue by 5.6 percent thanks to the implementation of some systems, it still had to hand over 518 million yuan to the state to make up for its quota it failed to attain in line with the state demands of reducing local expenditures. This made the local financial resources not increase but drop by 6.6 percent. We made strenuous efforts to increase the educational funds by 2.1 percent under such a situation. By offsetting the financial expenditures from the revenue in 1987, the province witnessed a deficit of 88 million yuan, making the province's total deficits reach 174 million yuan. The report states: During the past year, the government did much to implement the financial budgets and to reform the financial structure. However, problems still existed. At present, there are sharp contradictions between financial demands and capacity. Our ability to withstand the strains of financial burden is inadequate, making it impossible for us to solve some problems for a period of time. The ever-increasing burden of grain subsidies made some cities' revenue decline. The gaps in educational funds remained to be further studied. Enterprises' economic results were not ideal. There were loopholes in finance. Some units were seriously wasteful in their spending. We should adopt measures to conscientiously solve these problems.

The report states: The first meeting of the seventh provincial People's Congress Standing Committee approved in principle the 1988 draft budget. In the course of having localities formulate their own budgets, the provincial people's government has further analyzed the province's situation and its financial difficulties in line with the spirit of the 13th CPC Congress and contended that it is necessary to further deepen the drive to conduct reform to invigorate public finance and to support economic development. Efforts should be made to further invigorate enterprises and improve the business contracting mechanism to reinforce the enterprise capability of self-improvement and development; to further improve the managerial system of expenditures and have units in charge of expenses be imbued with vigor and vitality and to encourage the units which have conditions to follow the track of self-reliance in the economy; and to strengthen the financial system of having units at all levels be responsible for their own management and to clearly define responsibilities so as to let units at all levels draw up their policy decision, strive to maintain a balance, and do what they are capable of. Meanwhile, we should improve the procedure in formulating budgets and no longer assign revenue targets from top to bottom. We will allow various

cities to make arrangements themselves within the provisions of the system and in line with their situation in the national economy and the principle of seeking a balance by themselves. However, their arrangements should be submitted to the provincial authorities for approval. To bring into play the enthusiasm of the province and cities in the province in public finance, the State Council has formulated a financial responsibility system of a yearly average increase, which will be effective for 8 years. Through consultations with them, cities in the province have decided to enforce such a responsibility system. Of the submitted budgets formulated by various cities, some have financial deficits. The state policy does not allow localities to draw up their budget with financial deficits. If budgets come with financial deficits, it is also hard for the provincial authorities to conduct fund circulation and allocation. In examining these budgets, the provincial people's government has readjusted them and tried hard to seek a balance through making an arrangement of increasing revenue and curtailing expenses. The province's revenue budget in 1988 is 11.184 billion yuan, a 3.6-percent increase over the 1987 figure. Industrial and commercial revenue show a 7.9-percent increase over the 1987 figure. Of this increase, product and appreciation taxes show a 7.6-percent increase and business taxes, a 16.3-percent increase. Enterprise incomes continue to decline and show a 3.3-percent decrease over the 1987 figure. The major reason for the decrease is chiefly because of more state assignments which resulted in decreased revenue and increased expenses. After enforcing the responsibility system, enterprises scored an increase in their retained profits and in their repayment of loans. All of this has caused a decrease in the incomes of industrial enterprises. Subsidies for the losses caused by the production of grains and hogs continue to increase on a large scale.

The report states: According to the estimate of the province's 1988 revenue budget formulated under the state financial responsibility system of a yearly average increase, the actual revenue is 4.37 billion yuan, a 290 million yuan increase over the 1987 figure. The state assignments of increased expenses are more than before, such as the 10-percent wage hike for teachers, the wage increase in the employment of technicians, the bonus increase of administration units and institutions, the subsidies for the price hikes of five nonstaple foodstuffs, and the increase of official travel expenses, and the increase in the number of staffers (more graduates from colleges or junior colleges have been employed by establishments and units). Expenses on the aforementioned aspects require an increase of 330 million yuan. The newly increased expenses surpass the newly increased revenue, thus bringing about a prominent contradiction between demand and possibility. As for other expenses, the province still cannot handle the problem and has no choice but to delay the operation of these expenses. Judging from such a situation, the province's public finance will be strained in the year. The increased revenue under the budget formulated in line with the

responsibility system will be used by proceeding from the situation as a whole, by achieving a comprehensive balance, by practicing economy, and by ensuring the construction of key projects. The order of using the revenue in various fields is as follows: First, it should be used to ensure the expenses of wages and bonuses and subsidies for price hikes (including educational subsidies). Second, under the situation of financial surplus, it can be used for public expenditures of general education and for supporting agricultural expenses. Third, in using the revenue, it is also necessary to continuously implement the tightening principle in conducting expenses for capital construction and public expenses for administrative management. Fourth, in using the revenue for other expenses, some should maintain the standard of 1987 and some may be lower than the 1987 standard. The expenses or specialized expenses of some establishments and units can be carried out in line with the demand of reform and the principle of expanding service and increasing incomes. These establishments and units may open multiple channels and adopt various measures to handle a part of their expenses. The province's 1988 general spending budget, including the expense fixed under the responsibility system, the income given by the state for specialized projects, the specialized funds appropriated by the central authorities, and the expense appropriated from last year's surplus, is 8.979 billion yuan, a 942 million yuan and 11.8-percent increase over the 1987 figure. Of this, appropriations for capital construction are projected at 977 million yuan, a reduction of 90 million yuan, or 8.5 percent, from the previous year; appropriations for agricultural production increased by 5.3 percent (of which, funds for aiding agriculture increased by 7.7 percent); and operating funds for ordinary educational undertakings increased by 13.8 percent. Although the educational appropriations increased at a speed faster than that of normal income, they still fall short of demands. Therefore, the provincial government has adopted measures to raise funds through various channels in order to ease the shortage of educational appropriations. Generally viewing, this year's budget has embodied the guidelines of deepening reform, stabilizing the economy, and not only relaxing control over but also tightening up finance. The fulfillment of this budget will ensure the smooth implementation of reform measures, and will promote the stable development of various construction undertakings throughout the province. However, the task for fulfilling the budget is still very arduous. Although we have maintained a balance between budgeted revenue and expenditures, there are still several problems which should be solved through concerted efforts of various fields. We should mobilize the people throughout the province as well as all localities and departments in the province to make concerted efforts to conduct the campaign of increasing production and practicing economy and increasing revenue and cutting expenditures so that we can fulfill this year's budget.

The report also dwells on the implementation of the 1988 budget in the 1st half of this year and the several

tasks which should be grasped in the 2d half of this year. In the 1st half of this year, the provincial revenue amounted to 5 billion yuan, 44.7 percent of the budgeted figure, or a 5.5-percent increase over the corresponding period of last year. Of this, the above-quota revenue at the disposal of localities were 45.5 percent of the budgeted figure, a decline of 1.9 percent from the corresponding 1987 period; revenue from industrial enterprises were 40.4 percent of the budget figure, a drop of 8.4 percent; and the subsidies to make up for the losses of grain enterprises increased by 36.9 percent over the corresponding 1987 period. Due to the large price parities between purchase and marketing, foodstuff companies sustained a loss of 34 million yuan in the 1st half of last year and a loss of 220 million yuan in the 1st half of this year, showing an increase of 550 percent. In the 1st half of this year, expenditures amounted to 3.504 billion yuan, 39 percent of the budgeted figure, or a 14.9-percent increase over the corresponding 1987 period. After deducting the subsidies for price parities, the increase rate was 11 percent. Of this, appropriations for capital construction increased by 13.3 percent. The increased portion of educational appropriations was primarily used to accelerate the construction speed of projects. Educational appropriations increased by 9.9 percent over the corresponding 1987 period, which were primarily used to increase the living expenses of individuals. The expenses for public use were still very tight. Funds allocated for aiding agriculture dropped by 9.3 percent from the corresponding 1987 period. The main reason is that in the 1st half of last year, some funds which were earmarked for developing the east, west, and north parts of Liaoning were carried forward from 1986. At the same time, relatively more funds were allocated for developing grain production in the 1st half of last year. Therefore, agricultural appropriations in the 1st half of this year decreased accordingly.

The report states in conclusion: To satisfactorily fulfill the 1988 annual budget, we should pay attention to the following several tasks in the 2d half of this year: 1) We should deepen reform, and vigorously popularize various reforms, focusing on improving the enterprise contracted managerial responsibility system. 2) We should penetratingly conduct the campaign of increasing production and practicing economy, and increasing revenue and reducing expenditures, focusing on raising enterprises' economic efficiency, increasing their income, reasonably using their funds, and improving the fund utilization results. 3) We should strengthen tax collection and management, persistently administer taxation according to laws, rigorously implement the policies concerning tax reductions and exemptions, check tax evasion, and collect all taxes which should be collected. 4) We should strictly control expenditures, and practice economy. 5) We should persist in the principle of maintaining a balance between revenue and expenditures, and strengthen the financial system of differential sharing of revenue by various levels. 6) We should strengthen the tax, financial, and pricing management as well as supervision over auditing work.

Liaoning's Quan Attends Reform Meeting
SK2408060588 Shenyang Liaoning Provincial Service in Mandarin 0930 GMT 23 Aug 88

[Text] The Liaoning provincial meeting on comprehensive county level reform ended in Haicheng City on 22 August. Present at the meeting were major leaders of the provincial party committee, Advisory Commission, People's Congress Standing Committee, government, and CPPCC Committee, including Quan Shuren, Li Changchun, Dai Suli, Sun Qi, Li Jun, and Xiao Zuofu. Also attending the meeting were principal responsible comrades of various cities and counties.

Our province has many large and medium-sized cities and large industrial enterprises, and therefore the urban economic strength is relatively strong. However, because the province's county and township economic strength is considerably weak, the province's place in the country's economy has dropped continuously. This meeting was devoted to summing up and popularizing Heicheng City's experience in trying out reform at the county level, to further deepening the comprehensive reform at the county level, and to accelerating the pace of invigorating the province's economy at the county and township levels.

At the meeting, on behalf of the provincial party committee and government, Sun Qi, deputy secretary of the provincial party committee, delivered a report entitled "Clearly Understand the Current Situation, Deepen Reform, and Accelerate the Pace of Invigorating the Province's Economy at the County and Township Levels." He said: After the completion of the first step of rural reform, whose major content was the household-based out-related contracted responsibility system, we should further commercialize and modernize agriculture, and perfect market mechanism. This will certainly touch upon a still wider range of reform, including rural work, finance, banking, and personnel and labor systems, and an even higher reform layer. Reforms in this connection have already far exceeded the limits of rural areas, and therefore must be dovetailed with urban reform. [passage indistinct]

He demanded: All localities should: learn from Heicheng's experience; further emancipate their minds; be bold in streamlining administration and delegating powers; implement the fixed-quota financial system; and delegate to towns and townships property, industrial and commercial administration, tax revenue regulation, organizational decisionmaking, and cadre management rights, which are indispensable to develop the town and township economy. In addition, all localities should set up a new structure under which various countries, townships, and villages can develop their commodity economy independently.

Sun Qi stressed in conclusion: The comprehensive reform at the county level involves the readjustment of the relations between different departments and regions,

between urban and rural areas, and between the rights of different units. This reform will be confronted with numerous contradictions and frictions, and will be an important matter concerning policies. Therefore, leaders at all levels should acquire a strong sense of reform, and boldly scale new heights by proceeding from the reality of developing commodity economy. Those reform measures which facilitate the development of commodity economy should be firmly advocated, and those which hamper the development of commodity economy should be resolutely eliminated. By doing so, we can truly invigorate the county and township economy.

Liaoning City Stresses Importance of Technology
OW2308142188 Beijing XINHUA in English
0625 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—This May, most technicians working in northeast China's Shenyang Petro-Chemical Factory got 200 yuan as monthly bonus, which annoyed some ordinary workers as, for the first time in history, technicians' bonuses exceeded that of workers.

This was revealed by today's "CHINA YOUTH NEWS". The report said that some workers even expressed anger before factory directors.

In the first half of May, the factory had to stop its production due to lackage of raw materials, a director explained, adding that it was technicians who explored new products that saved the factory and had its monthly output breaking the factory's highest record.

After learning the director's explanation, workers' angers had cooled, yet problem of underestimating the values of science still exists.

It is said that in most of Shenyang's 210 large and middle size enterprises, wastes of intellectuals and personals are very severe as factories did not want to take the risk to explore new products for it was money and time consuming.

As the nationwide reform was put forward, Shenyang's reformers realized that giving full play to technicians become a must in the scientific reform.

The city's first scientific and technical trade fair which was held on August 17, 1981, proved to some extent that technology is also a commodity and it is of value.

The city's large and medium-sized enterprises became the major buyers and sellers on the technological market last year with a total business volume of 228 million yuan, accounting for two thirds of the city's total.

The appearing of technological markets has not only helped technicians develop to the full their talents but also helped heads of enterprises to respect and take advantage of intellectuals, added the report.

Liaoning Workers Chosen for Foreign Enterprises
HK2308143788 Beijing CEI Database in English
23 Aug 88

[Text] Shenyang (CEI)—Thirty-nine persons have been employed by foreign enterprises and 532 others out of 1,773 recommended to them for employment at a meeting to advertise skilled workers sponsored by Dalian City.

The foreign enterprises expressed satisfaction with this way of obtaining the skilled workers.

Such meetings are held to meet the need of foreign-funded enterprises by way of advertising employees and to improve the investment environment in Dalian city.

Northwest Region

Gansu Reserves Stage Mobilization Exercise
OW2408091588 Beijing XINHUA in English
0705 GMT 24 Aug 88

[Text] Beijing, August 24 (XINHUA)—A three-day mobilization manoeuvre of reserve forces simulating battle conditions was recently carried out in northwest China's Gansu Province, "LIBERATION ARMY DAILY" reported today.

It was the first province-wide manoeuvre of its kind in the country, the Beijing-based paper said.

The manoeuvre involved 50,000 officers and men who were to respond to an emergency mobilization order issued by Vice-Governor Mu Yongji.

Final calculation indicated that 23 percent of the province's reserve officials and men failed to assemble within the prescribed time limit.

Leaders in Tianshui Prefecture, for example, were able to round up 1,042 of its 1,342 registered reservists, contacting by various means including telephone and telegraph.

After two days, there were still 300 away in Shaanxi, Henan, Qinghai Provinces and Ningxia Hui and Xinjiang Uygur Autonomous Regions.

Their vacancies were hastily filled by newly recruited members, the daily said.

The paper said that 46 provincial, prefecture and city leaders participated along with some county leaders.

The consensus felt that in today's commodity economy, the reserve forces are highly dispersed.

Therefore, they said, a more effective way should be instituted to hasten assembly.

Gansu Secretary Speaks at Trade Union Congress
HK2408093088 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 23 Aug 88

[Excerpt] The Seventh Gansu Provincial Trade Union Congress solemnly opened yesterday morning in the provincial government auditorium.

Li Ziqi, provincial party committee secretary, delivered a speech at the opening session. He called for building trade union organizations into a mass organization of the working class, which, under the guidance of the party's program and line, maintains independence and keeps the initiative in its own hands, acts democratically, and is trusted by the workers and other employees, and is a social and political body that plays an important role in state and social affairs. [passage omitted]

Comrade Li Ziqi expressed the hope that trade union organizations at various levels will strengthen themselves in the process of reform and become homes of workers in reality as well as in name. The deepening of reform has created favorable external conditions for strengthening trade union organizations. Trade union organizations at all levels in our province must firmly hold the historical moment to strengthen themselves and create a new situation in trade union work.

Also present at the opening were Zhao Xianshun, Li Xuanhua, Huang Luobin, (Li Shunqin), Jia Zhijie, Lu Kejian, (Wang Zitai), Li Dengying, (Liu Yuhua), and (Qing Ziwei).

Trade union leaders of Qinghai Province and the Xingjiang Autonomous Region extended congratulations at the meeting.

Government Marks Anniversary of Kinmen Shelling

President Urges Alertness

OW2408031488 Taipei CNA in English 0230 GMT
24 Aug 88

[Text] Kinmen, Aug. 24 (CNA)—President Li Teng-hui Tuesday [23 August] called on the public to heighten their alertness for potential crisis while living peacefully on the Taiwan Bastion of National Revival, and asked the military to strengthen combat readiness so as to deal deadly blows to any attempted invasion of Taiwan.

President Li was speaking at a ceremony in Kinmen marking the 30th anniversary of the Battle of the Taiwan Strait which broke out on Aug. 23, 1958.

Before the ceremony, the President presided over a public memorial service at the Mt. Taiwu cemetery for the soldiers and officers killed during the battle. He later presided at the inauguration of a war history museum.

In his address to the memorial meeting, President Li said that the historic Battle of the Taiwan Strait was a life-or-death struggle against the Chinese Communists. With great spirit and a willingness to sacrifice for the nation, the ROC [Republic of China] Armed Forces finally smashed the enemy forces and thus laid a solid foundation for the current prosperity and strength of Taiwan.

Li attributed the victory over the Chinese Communists to five factors:

—The wisdom and far-sightedness of the late President Chiang Kai-shek. The late president flew to the off-shore island Kinmen 3 days before the outbreak of the battle and instructed military forces there to heighten their alertness against the enemy and their combat readiness. Due to his directives, combat personnel, weapons, and ammunition on Kinmen were quickly moved to underground shelters and damage to combat strength was minimized during the fierce exchange of artillery rounds;

—Spiritual encouragement from the late President Chiang Ching-kuo. Braving showers of artillery rounds that were falling on the off-shore island, he visited Kinmen several times when the battle was at its fiercest. His brave spirit greatly boosted the soldiers' morale;

—Close cooperation among different military units. During the 44-day battle, 470,000 artillery rounds fell on Kinmen and neighboring tiny islands. The fierce battle unified the Armed Forces so they could work together to oppose the enemy, and set an honorable, historic war record;

—Both moral encouragement and material support from the people in Taiwan. From the outset of the battle, all countrymen, whatever their sex, age, and political affiliation,

rose to stand with front-line soldiers. The patriotic spirit that gave top priority to victory also greatly boosted the morale of both officers and soldiers on Kinmen;

—Moral support from the free world. Reporters from throughout the world publicized the bravery of the ROC Armed Forces in fighting the invaders and harshly condemned the Chinese Communists' attacks. The moral support from the global mass media, together with American logistic supplies, eventually gave the Chinese Communists an unprecedented military set-back.

Because of the ROC's victory in the battle, the Chinese Communist dream of grabbing Kinmen was shattered and their ambitions to communize Southeast Asia deterred, Li said.

Li urged these participants present to learn from both the spirit and the experience of the battle so that the nation will be able to stride towards its goal of reunifying China under the Three Principles of the People.

Commentary Marks Victory

OW2308124488 Taipei Domestic Service in Mandarin
2300 GMT 22 Aug 88

[Station commentary: "A Significant Time To Carry Forward the Spirit of the '23 August' Victory"]

[Text] Listeners: Thirty years ago, on 23 August, the Chinese Communists began to bombard Kinmen Island. At that time all Chinese in the Taiwan area shared a bitter hatred for the enemy and were determined to fight to the end. But, on 21 August this year, that is, on the eve of the anniversary of the 23 August artillery war, some people went so far as to forget this bloody lesson and to strike up the tune of separation and independence. Their splittist behavior, contrasting sharply with that of the majority, has indeed saddened and pained many people's hearts.

During the 23 August artillery war of 30 years ago, Kinmen, a very small island, was bombarded day and night, and shells fell on it like rain drops. Nevertheless, the bombardment failed to demoralize our soldiers on the front. Instead, it enhanced our citizens' patriotism.

In the past 30 years or so, the enemy has failed to crush us. Today, we have succeeded in creating the Taiwan economic miracle through unity and hard work, and by carrying forward the world renowned Taiwan fighting spirit. Our Armed Forces have successfully defended Kinmen and Matsu Islands. Because of this the Chinese Communists have not dared to provoke us from across the sea.

In the past 10 years the Chinese Communists have employed united front work tactics, but they have failed to undermine our anticommunist national policy. The enemy's smiling conspiracy has failed to harm Taiwan.

At the same time, our economic and political achievements, as well as our progress in national defense science and technology, have deterred the enemy from acting rashly and blindly.

The prosperity and stability of our society today have been achieved through the sacrifices of our heroic soldiers who lost their lives in the artillery war as well as through the efforts of all Chinese in the Taiwan area. Now, all of a sudden a group of Taiwanese natives have returned from overseas, and a handful of them have been advocating independence for Taiwan. This has not only created worries for the government and the public but also incurred the hostility of the Chinese Communists.

Let us ponder for a while. What is the aim of these people who advocate independence for Taiwan? What is their real motive? Everyone knows that most of them are people of Chinese origin who have become foreign citizens. In Japan, the president of the World Formosan Association has wildly hurled abuses at Taiwan and bitterly criticized Taiwan society. This shows that he has divorced himself from Taiwan and estranged himself from Chinese society. His prejudice against the ROC [Republic of China] Government is not different from that of the overseas advocates of Taiwan independence 20 years ago.

The Chinese Communists have time and again declared their intention to use force against Taiwan. One of the conditions for using force is that if Taiwan goes independent, the Chinese Communists will not rule out invading Taiwan by force. This remark has been repeated overseas many times by the Chinese Communists.

Now a handful of advocates of Taiwan independence have returned to Taiwan from overseas to seek support for Taiwan independence. The fact is, nobody supports their theory, and therefore they will not be able to create any mood for independence. But it has created a pretext for the Chinese Communists to invade Taiwan by force, and at the same time it can also create division in Taiwan. What a good play!

To put it bluntly, the idea that independence for Taiwan can protect Taiwan will only serve as a stepping stone for the Chinese Communists to invade Taiwan. Many people may have been unable to understand this well before, but after seeing the conduct and listening to the slogans of a handful of Taiwan independence advocates and comparing them with what the Chinese Communists have said, we know that the aim of these advocates is not protecting Taiwan, but burying Taiwan.

The spirit of the 23 August war was a manifestation of enhanced patriotism. Today this spirit has become a guarantee for unifying China with the Three Principles of the People. Neither the Chinese Communists nor traitors would like to see such unification. Doesn't this

mean that the advocates of independence intentionally try to sing in tune with the Chinese Communists by advocating independence for Taiwan at this juncture?

Today, as we commemorate the 30th anniversary of the 23 August artillery war, we call on citizens of the ROC to ponder the survival and development of Taiwan by constantly overcoming difficulties and resisting strong enemies. We will never allow the achievements created by the entire people through arduous efforts to be ruined by political careerists or dreamers.

Premier Yu Speaks at International Youth Rally
OW2408040588 Taipei CNA in English 0245 GMT
24 Aug 88

[Text] Taipei, Aug. 24 (CNA)—Premier Yu Kuo-hua said Tuesday that he sincerely hopes the Republic of China's [ROC's] achievements in developing Taiwan could persuade the Chinese Communists to give up their "Four Insistences" and to adopt Taiwan's superior lifestyle for the 1 billion people on the Chinese mainland. The ROC's ultimate goal is to establish a new democratic, united China, where wealth is equitably distributed, he said while hosting a tea party for the 169 delegates from 35 countries attending the 1988 ROC International Youth Cultural and Study Tour.

The premier said that through the concerted efforts of the ROC Government and people, the nation has realized outstanding achievements in political, economic, social, and cultural fields. The nation's per capita income in 1988 is estimated to reach U.S. \$6,000, he added.

The ROC has recently been trying to increase its usefulness to the international community by establishing an Overseas Economic Cooperation and Development Fund to help friendly countries develop their economies, he said.

To show its determination to realize constitutional democracy, the Government lifted the emergency decree, or martial law, on July 15 last year and began a series of reform programs.

"We sincerely hope that these achievements will induce the Chinese Communists to give up their 'Four Insistences' and provide a better lifestyle for our 1 billion compatriots on the mainland, so that our ultimate goal of establishing a new China with democracy, an equitable distribution of wealth, and unity can be reached," he said.

Premier Yu encouraged the international youths to increase their understanding of Chinese history, culture, and customs and to see the nation's political, economic, and social developments at first-hand.

Other ROC officials present at the tea party included Vice Premier Shih Chi-yang, four ministers of state and Shaw Yu-ming, director-general of the Government Information Office.

GIO Head Reaffirms No Contact With Communists
*OW2408003288 Taipei CNA in English 1549 GMT
23 Aug 88*

[Text] Taipei, Aug. 23 (CNA)—The Government of the Republic of China [ROC] has never changed its established policy of "no contacts, no negotiations and no compromises" with the Chinese Communists. Shaw Yu-ming, director-general of the Government Information Office [GIO], said Tuesday.

Shaw, also a member of the Executive Yuan's task force on Mainland Chinese affairs, said the task force has agreed that the proposed Union of Scientific Societies in Taipei, a new civic organization, might send scholars to attend the 1988 meeting of the International Council of Scientific Unions [ICSU] to be held on the Chinese mainland next month. [sentence as received] Shaw stressed the ROC delegates will be attending an international meeting, not a meeting sponsored by the Chinese Communists.

The government respects academic freedom and supports academic activities, he said, but the government must be cautious in handling issues concerning participation in meetings held on the mainland because the Chinese Communists remain hostile to the ROC. He said that the government will handle the question on a case-by-case basis and hopes the nation can protect its membership in the ICSU and also strengthen relations with other international academic organizations.

Formosa Airlines Applies for Mainland Routes
*HK2308141488 Hong Kong AFP in English 1339 GMT
23 Aug 88*

[Text] Taipei, Aug 23 (AFP)—Formosa Airlines, a domestic airline company in Taiwan, has applied for permission to open direct flights to Mainland China, a company official said Tuesday. An application to offer direct service between Taipei and six mainland cities—Canton, Shantou, Xiamen, Fuchou, Shanghai, and Beijing—was submitted to the Civil Aeronautics Administration (CAA) of the Communications Ministry a few days ago, the official said.

The official said the company wants to open routes to China to use aircraft left idle under a new Taiwan Air Force policy that restricts the number of landings by private airliners at Air Force airfields.

Formosa is dedicated to domestic service and flights to the six cities should be considered domestic since Taipei considers the mainland to be part of the Republic of China, he said.

CAA officials said they had received application but refused to comment on it.

Direct air service to the mainland would probably not be approved as it would violate Taipei's "no contact, no talks, no compromise" policy towards Beijing, observers said.

Formosa Airlines is one the two domestic companies offering flights from Taiwan to offshore Orchid Island and Green Island, which are accessible only through military airports, the official said.

Under the new rule, which went into effect Thursday, the number of flights allowed at the two islands was cut to 17 per day for each company, leaving an average of three airplanes idle every day and causing substantial losses, he said.

Formosa Airlines used to offer more than 40 daily flights, he added. However, 13 extra landing slots were granted Tuesday, he said.

The airline official called his company's efforts impractical but said Formosa had to find ways to reduce losses from the landing restrictions. The company is to suffer more financial loss when two new airplanes are added in two months, he added.

Mainland To Compensate For 1982 Ship Ramming
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[Text] Taipei, Aug 23 (AFP)—China is to compensate the families of two Taiwan fishermen who drowned after their boat was rammed by a Chinese merchant ship, the Kaohsiung Fishermens Association said Tuesday.

Lawyers in Hong Kong informed the association Monday that authorities in Guangdong Province had agreed to pay 160,000 U.S. dollars for sinking the "Yi Chun Fa" on February 10, 1982, an association official said.

The Guanzhou-based freighter which smashed into the 30-ton vessel in the Taiwan Strait steered away without trying to rescue the six crewmembers who fell into the sea, the official said.

Captain Chen Ching-yi and another crewmember Chen Wen-chang died while four others were picked up by a Taiwan vessel after drifting in the sea for three days, he said. The association had tried to claim eight million Taiwan dollars (U.S. 279,900 dollars) in compensation through the Hong Kong lawyers, he added.

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